

Education Budgets of Selected Districts
Case Studies

Islamabad
December 2009

The state shall “remove illiteracy and provide free and compulsory secondary education within minimum possible period”.

Article 37 of the Constitution of Pakistan

Abbreviations

ADP:	Annual Development Programme
CCB:	Citizens Community Board
DCO:	District Coordination Officer
DDO:	Drawing and Disbursing Officer
DMO:	District Monitoring Officer
EDO:	Executive District Officer
E & SE:	Elementary and Secondary Education
ESR:	Education Sector Reform
EST:	Elementary School Teacher
F & P:	Finance and Planning
FDE:	Federal Directorate of Education
HEC:	Higher Education Commission
ICT:	Islamabad Capital Territory
LGO:	Local Government Ordinance
MRC:	Medical Reimbursement Charges
NWFP:	North Western Frontier Province
OSR:	Own Source Revenue
PFC:	Provincial Finance Commission
PST:	Primary School Teacher
PTC:	Parents Teachers Council
SMCs:	School Management Committees
SST:	Secondary School Teacher

Preface

This is the first study of its kind that has been carried out on the education budgets of selected districts by Centre for Peace and Development Initiatives (CPDI) with the support of UNESCO. Purpose of this study is to analyze the preparation and implementation of annual budget for the education sector in order to understand various trends in terms of budget allocations, priorities, utilization and peoples' participation. Specific objectives of the study are as follows:

1. To review the budget making process for the education sector and asses whether it is effective and how it could be improved;
2. To analyze the budget documents relating to the education sector, especially from the perspectives of allocations, priorities, gender and regional or urban/ rural areas;
3. To examine the implementation of education sector budget, especially the problem of low utilization, and analyze the role of relevant institutions;
4. To identify the weaknesses and gaps at various stages of budget cycle as well as in relation to relevant procedures or responsible organizations, and make appropriate recommendations for improvement.

This study includes six case studies covering the Islamabad Capital Territory (ICT); District Abbottabad and District Nowshera in the North Western Frontier Province (NWFP); and District Jhelum, City District Multan and City District Faisalabad in the Punjab Province. It is expected that this study will provide comparable data, which should help in informing various policy relevant analyses and discussions in the country.

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Education Budget of Selected Districts
(Comparative Analysis)

1. Introduction:

The following paragraphs present a comparative analysis of the selected districts, which may be useful for informing the relevant policy discourse in the country.

2. District Education Budgets:

In the districts, education is the largest department in terms of the strength of the staff as well as in terms of allocation and utilization of funds. For instance, in 2009-10, the current district budget for the education sector in Abbottabad was RS 1349 millions, which amounted to 75 percent of the total current budget of the district. Similarly, in 2008-09, Faisalabad City District Government had allocated 62.6 percent of its total non-development budget for education sector. The Table 1 below presents relevant data about other districts, which shows that 61 percent to 75 percent of the total current budget is allocated to the education sector.

Table 1: Current Education Budget as Percentage of Total Current Budgets

No	District	Total Current Budget (In Million RS)	Total Current Budget for Education Sector (In Million RS)	Education Budget as Percentage of Total
1	Abbottabad	1797	1349	75
2	Faisalabad	6763.6*	4219.4*	62.6*
3	Islamabad**	-	-	-
4	Jhelum	1895	1337	70.5
5	Multan	4514	2755	61
6	Nowshera	1494.5	984.8	66

Source: Annual Budget Books of the Districts

* In 2008-09

**Education budget of Islamabad is a part of the overall Federal budget and, therefore, the relevant data in percentage terms would not be comparable with other selected districts. For this reason, it is not presented in the Table 1.

On the other hand, usually, districts have very small funds available for development projects except when extra allocations are made to the districts through special instruments. And even a smaller percentage of funds allocated for annual development programs (ADPs) of the districts are meant for education related projects. In the ADPs of the districts, the priority is usually given to roads, electricity or parks. The Table 2 shows that some districts did not allocate even a single rupee for development projects related to education sector in 2009-10. It may, however, be noted that, while ADPs of districts make little or no allocations for education, several education related projects are directly implemented by the provincial governments in the districts.

The Table 2 presents data about the funds allocated for education related projects in the ADPs of the selected districts. It shows that, in 2009-10, the two districts of NWFP (i.e. Abbottabad and Nowshera) did not allocate any amount for education sector projects.

Hence, if any education related projects were implemented in these districts, these were through the provincial ADP.

Table 2: Education Budget as Percentage of Annual Development Program

No	District	Total Development Budget in Million RS (2009-10)	Development Budget for Education Sector in Million RS (2009-10)	Education Budget as Percentage of Total (2009-10)
1	Abbottabad	33.6	0	0
2	Faisalabad	166.7*	60.7*	36.4
3	Islamabad**	-	-	-
4	Jhelum	219.8*	6*	2.7
5	Multan	1300*	141*	10.8*
6	Nowshera	52.5	0	0

Source: Annual Budget Books of the Districts

* In 2008-09

**Education budget of Islamabad is a part of the overall Federal budget and, therefore, the relevant data in percentage terms would not be comparable with other selected districts. For this reason, it is not presented in the Table 1.

In the Punjab province, district governments have been allocating funds for education related projects but mostly for smaller projects; while largely leaving the responsibility of up-grading or building new schools to the provincial governments. As noted in the Table 2, only Faisalabad allocated a decent percentage of 36.4 for education related development projects in 2008-09, although it also represented in reality a small amount in view of the small size of the total ADP of the district.

3. Current Education Budgets:

There exists a huge difference across the selected districts in terms of per capita current allocations in the education sector. It is evident from the Table 3, which shows that the per capita allocation in Islamabad is the highest for being, at the least, RS 1808 in 2009-10. On the other hand, the per capita allocation is the lowest in Faisalabad, which is a city district and which had allocated only RS 777 for current expenditures in 2008-09.

Table 3: Population and Current Education Budgets¹

No	District	Population (In Million) 1998 Census	Allocation in Million RS (2009-10)	Per Capita Allocation in RS (2009-10)
1	Abbottabad	0.88	1349	1533
2	Faisalabad	5.430	4219.4*	777*

¹ In Table 1, the per capita allocations have been calculated on the basis on population figures gathered from the 1998 Census reports. However, it is likely that, since 1998, population of districts like Faisalabad, Multan and Islamabad has increased at a higher rate due to migration. If this fact is taken into consideration, the per capita allocations of these districts would be lower than the ones presented in Table 1.

3	Islamabad	0.8	1446.2**	1808**
4	Jhelum	0.94	1337	1422
5	Multan	3.12	2755	883
6	Nowshera	0.87	984.8	1132

Source: Annual Budget Books of the Districts

* In 2008-09

** Excluding relevant allocations for the Ministry, Federal Directorate of Education (FDE) or schools run by ministries or departments other than Ministry of Education.

It may be interesting to note that the per capita allocations in the 2 districts of NWFP (i.e. Nowshera and Abbottabad) are higher than Faisalabad and Multan, which are the city districts belonging to the province of Punjab. However, per capita allocation is highest in district Jhelum after Islamabad, which allocated RS 1422 per capita as the current budget for education sector.

4. Non-Salary Allocations:

Education budgets of the selected districts were also analyzed in terms of non-salary allocations. It is because of the fact that, without adequate non-salary allocations, it is unfair to expect from the schools to maintain a good quality of service provision. Non-salary allocations are meant to provide for needs related to, for example, utilities, travel, stationary, communications and repair and maintenance.

In terms of non-salary allocations also, there exists a huge difference among the selected districts. In 2008-09, both Islamabad and Faisalabad allocated about 7 percent of the total current budget for non-salary expenditures, as against 5.9 percent by Nowshera, 4.1 percent by Abbottabad, 4 percent by Multan and only 0.53 percent by Jhelum. Similar trend is evident in 2009-10, as Islamabad has allocated the highest percentage and Jhelum the lowest.

It may be noted that, while Jhelum has the highest literacy rate in Punjab, it allocates the lowest percentage for non-salary expenditures.

Table 4: Non-salary Allocations

No	District	Non-salary allocation 2008-09		Non-salary allocation 2009-10	
		Allocation (In Million RS)	As %age of Current Budget	Allocation (In Million RS)	As %age of Current Budget
1	Abbottabad	47.8	4.1	53.2	4
2	Faisalabad	295.7	7	n/a	n/a
3	Islamabad*	91.3	7	93.4	6.5
4	Jhelum	6	0.53	8	0.6
5	Multan	87.2	4	144.4	5.4
6	Nowshera	57.6	5.9	42.9	4.4

Source: Annual Budget Books of the Districts

** Excluding relevant allocations for the Ministry and Federal Directorate of Education (FDE).

5. Non-Implementation of Budget Calendar and Rules:

The Budget Rules notified by the provincial governments of Punjab and NWFP provide a detailed procedure and calendar for preparing annual budgets. However, these Rules are not fully implemented, and the budget calendar is not strictly followed. What usually happens is that the budget making process is initiated in May and it is completed in a rushed manner, as the budget has to be approved before the month of June ends. It is despite the fact that Budget Rules require the district governments to have the draft budget ready by the end of March, which should be then discussed and debated in the Council and refined in the light of feedback received from various stakeholders. Budget for Islamabad, however, is prepared in a slightly different manner, as the Federal Government Rules apply and there does not exist any local government system in Islamabad.

Only in the Multan and Faisalabad districts, Budget Rules have been implemented to a limited extent, especially in terms of seeking public views, consulting stakeholders and presenting and discussing the draft budgets in the councils.

Islamabad Capital Territory (ICT)

Map



1. Profile of the District:

Islamabad is capital of the country, and is the tenth largest city in Pakistan. The Rawalpindi/Islamabad metropolitan area is the third largest in Pakistan with a population of over 4.5 million inhabitants. According to the 1998 census, the total population of Islamabad was 0.8 million, which included 0.43 million males and 0.37 million females. It is estimated that, by 2009, the total population of Islamabad has risen to 12.12 million including 0.64 males and 0.57 females.²

Table 1: Rural and Urban Population of Islamabad District

Year	Urban	Rural	Total
1998	0.53	0.28	0.8
2009	0.87	0.34	1.21

Source: National Institute of Population Studies (NIPS), Islamabad

Table 2: Islamabad City Population

1998 Population				1981 Population	1981-98 Avg. Annual Growth Rate
Both Sexes	Male	Female	Average Household Size		
529,180	290,717	238,463	6.11	204,364	5.76%

Source: Population Census Organization, Government of Pakistan Website: <http://www.statpak.gov.pk>

In terms of gender, Islamabad is one of the few districts in Pakistan where female population is lower than the males. The population of males is 53.7 percent and of females is 46.3 percent, as per the estimates of 2009. Similar situation existed back in 1998, as it is evident from the statistics presented in Table above. Furthermore, Islamabad is predominately an urban districts. In 2009, 71.9 percent people of the district lived in the urban areas.

Islamabad boasts of the highest literacy rate in Pakistan, which is at 72.38 percent for 10+ age group. There exist a large number of public and private sector educational institutes in Islamabad. The higher education institutes in the capital are either federally chartered or administered by private organizations and almost all of them are recognized by the Higher Education Commission (HEC) of Pakistan.

Being the Federal capital, people of Islamabad benefit from better physical and social infrastructure relating to nearly all sectors. It is also managed differently as, unlike in the provinces, there does not exist any elected district government in Islamabad. Given this, the Federal Government is directly responsible for development and service delivery functions in Islamabad. There is a widespread perception that per capita resource allocation for development and service delivery functions in Islamabad is very high as compared to other districts or regions in the country.

It is expected that this study will provide data and analysis, which will highlight trends related to resource allocation for the education sector as well as its sub-sectors. The analysis presented in this report will focus, among others, on gender and rural-urban aspects in order to identify the actual priorities of the government. It may also help in comparing the situation in terms of resource allocations with other districts of the country.

2. Education Sector in Islamabad

2.1. Overall Responsibility and Management:

² National Institute of Population Studies (NIPS), Islamabad.

Federal Government is responsible for providing education services in Islamabad; and this responsibility is performed through the Federal Directorate of Education (FDE), which serves as an attached department of the Federal Ministry of Education. Since there does not exist any elected government for the district, the participation of people in decision making or oversight is limited, as it can only be exercised through the Parliament or its committees on education, which have so many other responsibilities related to the whole country. The real authority is, therefore, largely exercised by the bureaucracy related to the Ministry of Education and, more precisely, by the Federal Directorate of Education. Even the processes related to development planning and identification of priorities include little input from the people living in Islamabad.

In the Islamabad Capital Territory (ICT), the Federal Directorate of Education is responsible for the administrative and professional management of various types of educational institutions including primary schools, middle schools, high schools, higher secondary schools and degree level colleges. The Directorate is also responsible for provision of required infrastructural facilities, recruitment of teaching and non-teaching staff, monitoring and implementation of the policies of the government.

The FDE has divided Islamabad into 5 sectors including 1 urban sector and 4 rural sectors. The rural sectors are Bhara Kahu, Nilore, Sihala and Tarnol.

2. Educational Facilities in Islamabad:

There exist 401 government schools in Islamabad. Out of these 401 schools, 227 are primary schools, 54 are middle schools, 91 are high schools and remaining 29 are higher secondary schools.

The number of schools located in the urban areas of Islamabad is 121; while the remaining 280 schools are located in the rural areas of Islamabad. This is interesting as, while about 72 percent people in Islamabad live in urban areas, most of the schools are located in the rural areas. It can be explained by the fact that the rural population is dispersed over a large area and, hence, there has been a need for building more schools to provide easy access. On the other hand, fewer but bigger and better equipped schools could be built in the urban area, where population is concentrated and people have relatively easier access to educational facilities. Furthermore, it may be noted that there exist a large number of private schools and colleges in the urban area, which significantly reduce the burden on government schools. However, these private schools charge significant amounts as fee, which make them unaffordable for people belonging to low and middle income groups.

Table 3: Various Levels of Government Schools

	Primary	Middle	High	Higher Secondary	Total
Rural	165	45	59	11	280
Urban	62	9	32	18	121
Total	227	54	91	29	401

Source: Ministry of Education, Islamabad

In terms of gender distribution, there are more female schools in Islamabad than the ones for males. There are 160 schools exclusively meant for females as against 152 for males. Remaining 89 schools offer co-education where boys and girls can study together.

2.3. Quality of Education:

Due to various factors, the quality of education in the government schools and colleges has deteriorated over the years. This perception is confirmed by the fact that most of the parents, who can afford, would like to send their children to the private schools, which have seen a mushroom growth, especially in urban part of Islamabad. Successive governments have been claiming to improve this situation but without much success.

The poor quality of public sector education is in spite of the fact that government schools are properly built on sizable plots and have got facilities like playgrounds. On the other hand, most private schools are located in residential sectors in hired buildings without having proper class rooms or playgrounds. Among others, the poor performance of government schools is attributed to inadequate or ineffective monitoring, little incentives for performance and lack of accountability. Another significant reason is that, while the government builds schools or colleges with good physical infrastructure, it puts little emphasis on providing funds for maintaining the facilities or improving classroom environment for quality learning.

3. Budget Making Process for Education Sector in Islamabad

In the Federal Government, the annual budget making process for the next year effectively starts in October each year when Ministry of Finance issues the Budget Call Circular. In response, the concerned ministries, divisions and departments are expected to submit the detailed estimates of expenditures in the period from November to February. In March and April, the estimates of expenditures furnished by various ministries and divisions are scrutinized. Later, in March to June, after scrutiny of estimates of expenditures, the Ministry of Finance formulates the budgetary proposals, which are presented in the Parliament in June for approval.

The procedure for preparing annual development plan is also similar. However, in this case, development requirements submitted by ministries or divisions in response to Budget Call Circular are scrutinized by the Planning and Development Division in March. Later, these requirements are prioritized and approved through a process involving the Priorities Committee in Ministry of Finance, Annual Coordination Committee and National Economic Council. Ultimately, the selected schemes are included in the annual development plan and made a part of budgetary proposals that are submitted to Parliament for approval in June.

As far as the education sector is concerned, the Budget Call Circular is sent out in October to the Ministry of Education and its divisions or attached departments, which send the same to their sub-offices or institutions. In return, all these institutions, departments, divisions and sub-offices provide the estimates for expenditures as well as their development requirements. Hence, the requirements are collected from nearly all level within the education sector, which indicates the existence of an elaborate process involving all the relevant players within the public sector. However, the process has the following weaknesses, which have not been addressed yet and require attention of relevant authorities:

- Budget Call Circular does not necessarily reach the lowest levels (e.g. a primary and middle school) and, hence, the lowest level facilities do not always get the opportunity to identify their requirements or needs. As per the procedure, the Budget Call Circular is only sent to relevant drawing and disbursing officers, who are senior level officers and responsible for several sub-offices or schools. They rarely consult their sub-offices or schools under their jurisdiction before sending up the requirements and needs. Usually, the Budget Call Circulars are not taken seriously and are disposed off quickly as a usual correspondence.

- Non official stakeholders are not consulted at all. It is despite the fact that parents, students and members of related communities are direct stakeholders, and their views must be heard in the course of assessing problems and needs for the next year budget. However, the formal procedure for budget making does not include any such provision; nor do the relevant authorities consult stakeholders informally.
- Parliament or its committees are not involved in the process of identifying or prioritizing needs and developing budgetary proposals. All the steps from issuance of Budget Call Circular to formulation of budgetary proposals exclude elected leaders and members of the Parliament. It is only in June that the budgetary proposals are presented before the Parliament for formal approval, by when it is already too late to make any substantial change in the annual budget. Parliament also gets very short time (i.e. 10 -15 days) for examining, analyzing and approving the whole annual budget. In short, the role of elected representatives in budget making and approval is nominal, which leaves too much of discretion with the executive having little or lacking appreciation of the needs and demands as realized or expressed by communities.

4. Education Budget Analysis

4.1. Budget Overview:

In the year 2009-10, the total annual budget for the government education institutions in the Capital and federal areas was RS 2281 millions, as against RS 2059 millions of revised budget for the year 2008-09. In per capita terms, in 2009-10, government was spending RS 1886 for pre-primary and primary to college education in Islamabad. As against this, in 2000-01, government had allocated only RS 743 per capita for education. Hence, over these years, the per capita allocation has increased by 154 percent.

Table 4: Year-Wise Allocations 2004-05 – 2009-10

Year	Total Allocation (RS)	%age Increase over the Last Year	Allocation for Employees Related Expenses (%age)	Operating Expenses and Others (%age)
2009-10	2,281,967,000	10.9	88.9	11.1
2008-09	2,058,105,000	14.3	87.7	12.3
2007-08	1800,248,000	- 6	87.4	12.6
2006-07	1,917,731,000	31.2	87.6	12.4
2005-06	1,462,178,000	17.4	91.9	8.1
2004-05	1245168000	23.9	91.3	8.7

Source: Annual Budgets 2004-05 – 2009-10

During the last 6 years, the allocations for the education sector in absolute terms went up from RS 1.245 billions in 2004-05 to RS 2.281 billions in 2009-10. This represents an average increase of about 15.3 percent per year in nominal terms. In terms of average, this does not seem too bad, as the inflation rate has been lower than this average, which indicated increase for the education sector in real terms. However, the latest trend for the last 2 years does not seem to be healthy, as the average nominal increase has come down to 14.3 percent in 2008-09 and 10.9 percent in 2009-10. Given the higher inflation rates in this period, these actually reflect reduction in real terms.

The Table above shows that most of the allocated funds are consumed by employees' related expenses; while a small percentage of funds is allocated for operating and other expenses. This is a major problem faced by the service delivery institutions across the board, as little funds are made available for meeting non-salary expenses.

In Islamabad, in the years 2004-05 and 2005-06, only 8.7 percent and 8.1 percent of total allocated budget was meant for non-salary expenses. However, the situation improved, as the non-salary allocations went up to 12.6 percent of the total allocated budget in 2007-08. Since then, the non-salary allocations are again witnessing a down-ward trend. In 2009-10, the non-salary allocation stood at 11.1 percent of the total budget for education in Islamabad.

4.2. Allocations for Various Levels of Education:

The annual budget for government educational institutions in the Capital includes allocations for the following sub-sectors:

- Pre-primary and primary education affairs and services;
- Secondary education affairs and services;
- Tertiary education affairs and services;
- Administration.

The Table below provides information about the sub-sector wise allocations within the education sector in Islamabad. It shows that highest percentage of funds are allocated for secondary education (i.e. from 6th to 10th grades) followed by tertiary education that includes college education up to masters levels. Pre-primary and primary education does not seem to be a priority, as far as the allocation of funds is concerned.

Table 5: Sub-sector Allocations

	Budget Estimate 2006-2007	Budget Estimates 2007-2008	Budget Estimate 2008-2009	Budget Estimate 2009-2010
Pre-primary and primary education affairs and services	474,114,000	363,403,000	449,900,000	519,400,000
Secondary education affairs and services	785,216,000	723,353,000	851,001,000	926,830,000
Tertiary education affairs and services	655,613,000	708,944,000	752,005,000	830,058,000
Administration	4,788,000	4,548,000	5,199,000	5,679,000
Total	1,917,731,000	1,800,248,000	2,058,105,000	2,281,967,000

Source: Annual Budgets 2006-07 – 2009-10

In 2009-10, in terms of percentage, 22.8 percent of total education sector budget was allocated for pre-primary and primary education in Islamabad. As against this, 40.6 percent budget was allocated for secondary education and 36.4 percent for tertiary education. This has been a fairly consistent trend over the last many years. In 2003-04, for instance, 25 percent funds had been allocated for pre-primary and primary education, 39.3 percent for secondary education and 35.7 percent for tertiary education.

It is clear that allocations for primary education in Islamabad are inadequate and far short of needs. The condition of schools, especially in rural areas, is pretty bad and requires attention but the same does not seem to be getting the required attention. This, however, should be done by increasing the overall allocation for the education sector without affecting the secondary or tertiary education.

Table 6: Sub-sector Allocations for Primary, Secondary and Tertiary Education

	2003-2004 (%)	2004-2005 (%)	2005-2006 (%)	2006-2007 (%)	2007-2008 (%)	2008-2009 (%)	2009-2010 (%)
Pre-Primary and Primary Education Affairs and Services	25.0	23.7	26.1	24.7	20.2	21.9	22.8
Secondary Education Affairs and Services	39.3	39.4	39.8	40.9	40.2	41.3	40.6
Tertiary Education Affairs and Services	35.7	36.9	34.2	34.2	39.4	36.5	36.4
Administration	-	-	-	0.2	0.3	0.3	0.2
Total	100	100	100	100	100	100	100

Source: Annual Budgets 2003-04 – 2009-10

4.3. Primary Education in Islamabad:

In 2009-10, the total allocation for pre-primary and primary education was RS 519,400,000. This allocation was 15.5 percent higher than the previous year allocation of RS 449,900,000. However, when the allocations of last 5 years are examined, it appears that the average per year increase has been only 7.3 percent. It is because the allocation went up significantly in 2006-07 but had witnessed decrease in the following year. This presents a disturbing trend, as it effectively indicates reduction in the allocation of funds in real terms of in view of high inflation rates over these years.

Furthermore, in the year 2009-10, 92.4 percent of total allocation was meant for employees related expenses. In other words, only 7.6 percent of total budget was allocated for heads like communication, utilities, travel, physical assets, and repair and maintenance. Similar situation existed in the past years, as 91.6 percent of total allocation was meant for salaries alone in 2008-09, 89.8 percent in 2007-08, and 89.9 percent in 2006-07.

It is interesting to note that, in 2009-10, each primary school on average was allocated for each month RS 697 for communications, RS 3070 for utilities, RS 6021 for repair and maintenance and RS 875 for travel and transportation. While these allocations are inadequate for providing quality services, it may be recognized that these are much better when compared to other districts in the country.

At present, it seems that the assumption for allocating low funds for communication is that the schools need to communicate only with their staff and higher ups. If there was any emphasis on

communication between teachers and parents of the students, the need of increase in allocations for communication might have been recognized and factored in. Similarly, it seems that increasing costs of utilities are not correctly calculated and made a basis for determining allocations. In short, it seems that the budgetary allocations for the primary schools are not based on actual assessment of needs.

Table 7: Primary Education

	Budget Estimate 2005-2006	Budget Estimate 2006-2007	Budget Estimate 2007-2008	Budget Estimate 2008-2009	Budget Estimate 2009-2010
Employees related expenses	365,786,000	426,416,000	326,381,000	412,000,000	480,000,000
Operating expenses	11,410,000	14,705,000	15,304,000	16,000,000	17,000,000
Communication	1,978,000	2,380,000	2,373,000	1,872,000	1,900,000
Utilities	4,263,000	5,157,000	6,304,000	7,433,000	8,362,000
Occupancy costs	175,000	220,000	149,000	325,000	308,000
Travel and transportation	1,645,000	2,044,000	2,198,000	2,170,000	2,383,000
General	3,349,000	4,904,000	4,280,000	4,200,000	4,047,000
Physical assets/ purchase of durable goods	500,000	14,305,000	5,356,000	5,500,000	6,000,000
Repair and maintenance	3,500,000	16,688,000	16,362,000	16,400,000	16,400,000
Machinery and equipment	828,000	93,000	1,712,000	1,050,000	1,230,000
Furniture and fixture	1,035,000	4,290,000	4,280,000	4,200,000	4,500,000
Buildings and structure	1,637,000	10,700,000	9,938,000	9,785,000	7,280,000
Computer equipment			122,000	1,050,000	2,050,000
General		620,000	310,000	315,000	1,340,000
Total pre-primary and primary affairs and services	381,196,000	472,114,000	363,403,000	449,900,000	519,400,000

Source: Annual Budgets 2005-06 – 2009-10

4.4. Middle Schools in Islamabad:

In 2009-10, the total annual budget of middle schools in Islamabad was RS 187,400,000. This was 15.5 percent higher than the previous year. Since 2005-06, the total allocation for middle schools has witnessed an increase of 79.8 percent, which amounts to about 16 percent increase per year. Compared to 7.3 percent average increase for primary schools, the average increase for middle schools seems to show a relatively decent trend. This further suggests that, while

secondary and tertiary education gets relatively better allocations, primary schools are neglected or get less attention.

Like primary schools, most of the funds allocated for middle schools are also consumed by salaries and allowances. In 2009-10, employees related allocations amounted to 94.6 percent, as against 94 percent in 2008-09, 94.5 percent in 2007-08, 92.5 percent in 2006-07 and 96.5 percent in 2005-06. Hence, the non-salary allocations ranged between 4.5 percent and 7.5 percent.

The non-salary allocations for middle schools are clearly inadequate, as it is obvious from the Table below. This fact can be illustrated from the very low allocations for heads like communications, utilities, travel and transportation and repair and maintenance. In 2009-10, the a middle school on average for each month had an allocation of RS 1267 for communication, RS 3315 for utilities, RS 1281 for travel and transportation and RS 6173 for repair and maintenance.

Table 8: Annual Budgets of Middle Schools 2005-06 – 2009-10

	Budget Estimates 2005-2006	Budget Estimate 2006-2007	Budget Estimate 2007-2008	Budget Estimate 2008-2009	Budget Estimate 2009-2010
Employees related expenses	100,650,000	132,927,000	147,493,000	152,502,000	177,200,000
Operating expenses	2,400,000	3,175,000	3,609,000	4,200,000	5,200,000
Communication	521,000	561,000	705,000	721,000	821,000
Utilities	813,000	999,000	1,152,000	1,652,000	2,148,000
Occupancy Costs	111,000	111,000			
Travel and Transportation	380,000	605,000	653,000	653,000	830,000
General	575,000	899,000	1,099,000	1,174,000	1,401,000
Physical assets	400,000	3,568,000	689,000	1,000,000	1,000,000
Computer equipment		2,200,000			
Purchase of plant and machinery	300,000	732,000	274,000	300,000	
Purchase of furniture and fixture	100,000	636,000	415,000	700,000	1,000,000
Repair and maintenance	800,000	3,992,000	4,364,000	4,500,000	4,000,000
Machinery and equipment	168,000	207,000	432,000	440,000	360,000
Furniture and fixture	280,000	149,000	1,088,000	825,000	1,200,000
Buildings and structure	352,000	3,575,000	2,754,000	2,795,000	1,795,000
Computer and equipment		61,000	90,000	440,000	600,000
General					45,000
Total	104,250,000	143,662,000	156,155,000	162,202,000	187,400,000

Secondary Education (Middle Schools)					
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Source: Annual Budgets 2005-06 – 2009-10

4.5. High Schools in Islamabad:

In the year 2009-10, RS 739,430,000 were allocated for high schools in Islamabad. This allocation was only 7.35 percent higher than the previous year. When the allocations for the last 5 years are examined, it emerges that the average per year growth has been 13.8 percent.

In 2009-10, the employees related allocations included salaries and allowances for 4395 employees working in the high schools in Islamabad. Out of them, 656 belonged to officer grades, while the remaining 3739 were lower grade staff. The average number of employees working each high school was about 48.

In high schools, most of the allocated funds are meant for employees related expenses such as salaries and allowances. During the last 5 years, only 3.5 percent to 8.2 percent funds were made available for operating and other expenses. The employees' related allocations amounted to 94.1 percent of the total high school budget in 2009-10, 93.6 percent in 2008-09, 92.3 percent in 2007-08, 91.8 percent in 2006-07 and 96.5 percent in 2005-06.

On average, each high schools gets about RS 25536 per month for operating expenses, which include costs for communications, utilities, travel and transportation, and general items like stationery. More specifically, for each month, only RS 3531 are made available for communications, RS 11568 for utilities, RS 7383 for travel and transportation, and RS 3053 for general expenses.

On the other hand, for repair and maintenance, RS 8767 per month are allocated to each high school on average. This category includes repairs and maintenance of transport, machinery and equipment, furniture and fixture, computer equipment and buildings and structures.

Table 9: Secondary Education (High Schools)

	Budget Estimates 2005-2006	Budget Estimate 2006-2007	Budget Estimate 2007-2008	Budget Estimate 2008-2009	Budget Estimate 2009-2010
Employees related expenses	460,777,000	588,870,000	523,399,000	645,000,000	695,553,000
Operating expenses	13,000,000	20,138,000	21,884,000	21,884,000	27,885,000
Communication	3,000,000	3,459,000	3,800,000	3,851,000	3,856,000
Utilities	6,008,000	7,374,000	8,623,000	9,753,000	12,633,000
Travel and transportation	2,565,000	4,696,000	5,088,000	5,112,000	8,062,000
General	1,427,000	4,609,000	4,373,000	3,168,000	3,334,000
Transfers		85,000	85,000	85,000	94,000
Physical assets	1,800,000	15,992,000	7,789,000	7,789,000	6,324,000

Computer equipment		4,400,000	175,000		0
Other stores and stock	535,000	1,100,000	1,150,000	1,180,000	1,180,000
Purchase of transport		880,000			0
Purchase of plant and machinery	1,000,000	2,779,000	2,002,000	1,697,000	1,544,000
Purchase of furniture and fixture	265,000	6,833,000	4,462,000	4,912,000	3,600,000
Repair and maintenance	1,700,000	16,469,000	14,041,000	14,041,000	9,574,000
Transport	951,000	1,301,000	1,448,000	1,448,000	2,500,000
Machinery and equipment	428,000	1,108,000	1,150,000	944,000	944,000
Furniture and fixture	321,000	2,720,000	2,576,000	2,360,000	2,360,000
Buildings and structures			8,050,000	8,109,000	2,000,000
Computer equipment			242,000	590,000	1,180,000
General			575,000	590,000	590,000
Total Secondary Education (High Schools)	477,277,000	641,554,000	567,198,000	688,799,000	739,430,000

Source: Annual Budgets 2005-06 – 2009-10

5. Development Budget:

Since Islamabad is the Capital Territory falling within the jurisdiction of Federal Government, it does not have any separate annual budget. Rather, its development needs, including the ones relating to the education sector, are made a part of the Annual Development Plan (ADP) of the Federal Government. Given this, the education related development projects for Islamabad are reflected in the development budget of the Ministry of Education.

In 2009-10 budget, the Federal Government allocated RS 209 million for building 11 new schools in Islamabad. Furthermore, RS 556.8 million were allocated for up-grading existing institutions, introducing new classes, building new blocks or providing additional facilities. These are significant allocations; and are very high if compared to other districts where allocations for education related development projects are very low.

However, serious problems are faced in the implementation of development projects in Islamabad. These include long delays in implementation and poor quality of work performed. The reasons for such delays and poor quality of work include the following:

- Slow tendering process owing to procedural hiccups and bureaucratic red-tap;
- Over-burdened staff responsible for implementing development projects;
- Delays in acquiring land or preparing feasibility reports;

- Limited availability of contractors, who can deliver quality works;
- Delays in release of funds;
- Late submission of progress reports;
- Frequent transfers and postings of responsible staff;
- Cuts on funds originally allocated or down-ward revisions.

6. Major Concerns related to Current and Development Budgets

Review of budget documents and discussions with stakeholders including the teaching staff of schools point to a range of concerns that need to be addressed by the concerned authorities. Such concerns relating to the allocations of current and development budgets are summarized as below:

- Salaries of teaching and other staff in various types of government schools are low, which makes it difficult for the education sector to attract quality staff. It is particularly because the living expenses in Islamabad are very high, which makes it difficult for the staff to exclusively focus on their own profession. Very often, they have to look for other jobs or indulge in offering tuition services in private academies or at homes. This situation creates a range of problems and moral hazards.
- Most of the funds allocated to schools are consumed by employees' related expenses, as little amounts are allocated for operating expenses, equipment and repair and maintenance. As a result, the facilities provided in the government schools cannot be maintained or kept in working conditions. So, while washrooms exist, adequate funds are not available to keep them in working condition. Same is the case with regards to science laboratories and playgrounds.
- Non-salary allocations for primary and middle schools are particularly low; and cannot meet the needs even at the minimal level. Schools also face problems in accessing the funds that are allocated for them. It is because the head-masters or head-mistresses of primary and middle schools do not have the powers of drawing and disbursing officers and, therefore, they have to seek approvals from the concerned authorized officers i.e. drawing and disbursing officers (DDOs). The process is tedious and inefficient and, sometimes, suffers from corrupt practices.
- Budget making process is neither open and transparent nor participatory. It is dominated almost exclusively by the bureaucracy, while the views of parents, students and communities regarding needs and priorities are not taken on board at any stage of the process.
- Elected representatives exercise little or no oversight, as there does not exist any elected body for Islamabad. On the other hand, the Federal Parliament, which has the authority to exercise oversight, may not have the will or time to allocate adequate time for discussing Islamabad related matters and concerns.
- Procedures relating to utilization of funds lack transparency, effective public oversight and accountability. As a result, there exist complaints of inefficient utilization and delays in implementation of projects.

- Adequate funds are not allocated to meet the special or additional needs of schools or teachers in rural areas. For instance, teachers serving in rural schools, especially in girls' schools, have to travel long distances to reach schools but no special provisions are made to facilitate their transportation. There is also a need of providing additional incentives for female teachers to serve in rural schools, which should help in addressing the problem of teachers' reluctance to serve in rural sectors.

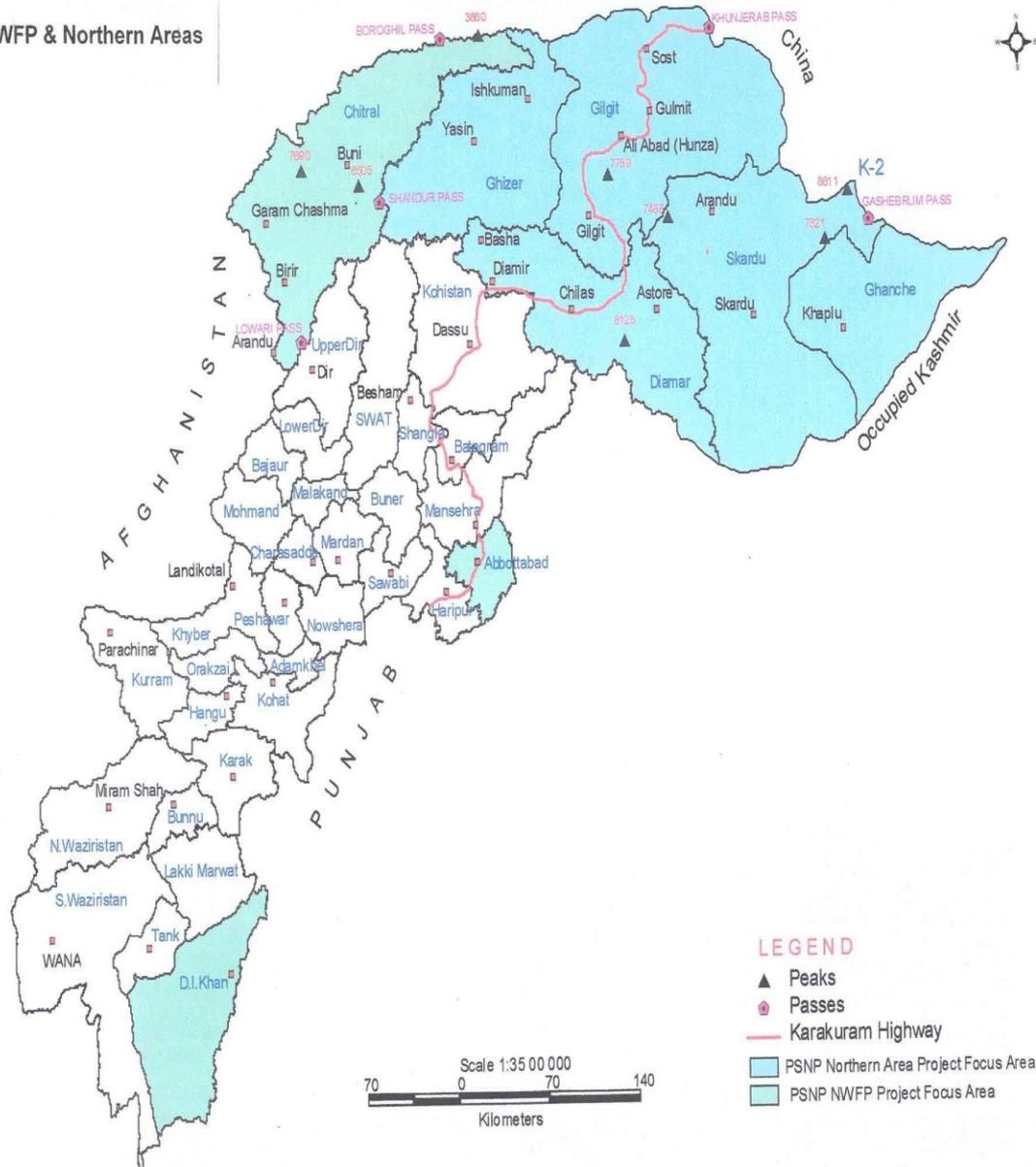
7. Recommendations

On the basis of the findings outlined in this report, following recommendations are made for the attention of policy makers, relevant authorities and stakeholders:

- Increase the overall allocation for the education sector in Islamabad, especially for facilities and institutions located in rural areas.
- Concerted efforts must be made to improve the conditions of primary schools by providing adequate resources, facilities and technical support. In fact, it would be advisable to upgrade all primary schools into middle schools.
- Adequate provisions must be made for operating expenses to each school. Needs for operating expenses must be determined through an open and consultative process involving all stakeholders. These should particularly take into account the need of more frequent communications and interactions among teachers and parents as well as improving classroom environment for quality learning.
- An appropriate mechanism must be devised whereby primary and middle schools could easily access and utilize the funds that are allocated for them.
- Until the government decides to extend the local government system to Islamabad, a citizens' consultative forum may be established to discuss the education related matters pertaining to Islamabad and advise the government on important matters. This forum may include elected members of the National Assembly from Islamabad, eminent citizens, civil society representatives, heads of selected educational institutions and representatives of Federal Directorate of Education and Ministry of Education.
- Special needs of girls' schools and rural schools should be carefully identified, and annual budgets must make necessary provisions with the primary objective of providing quality educational services to all.

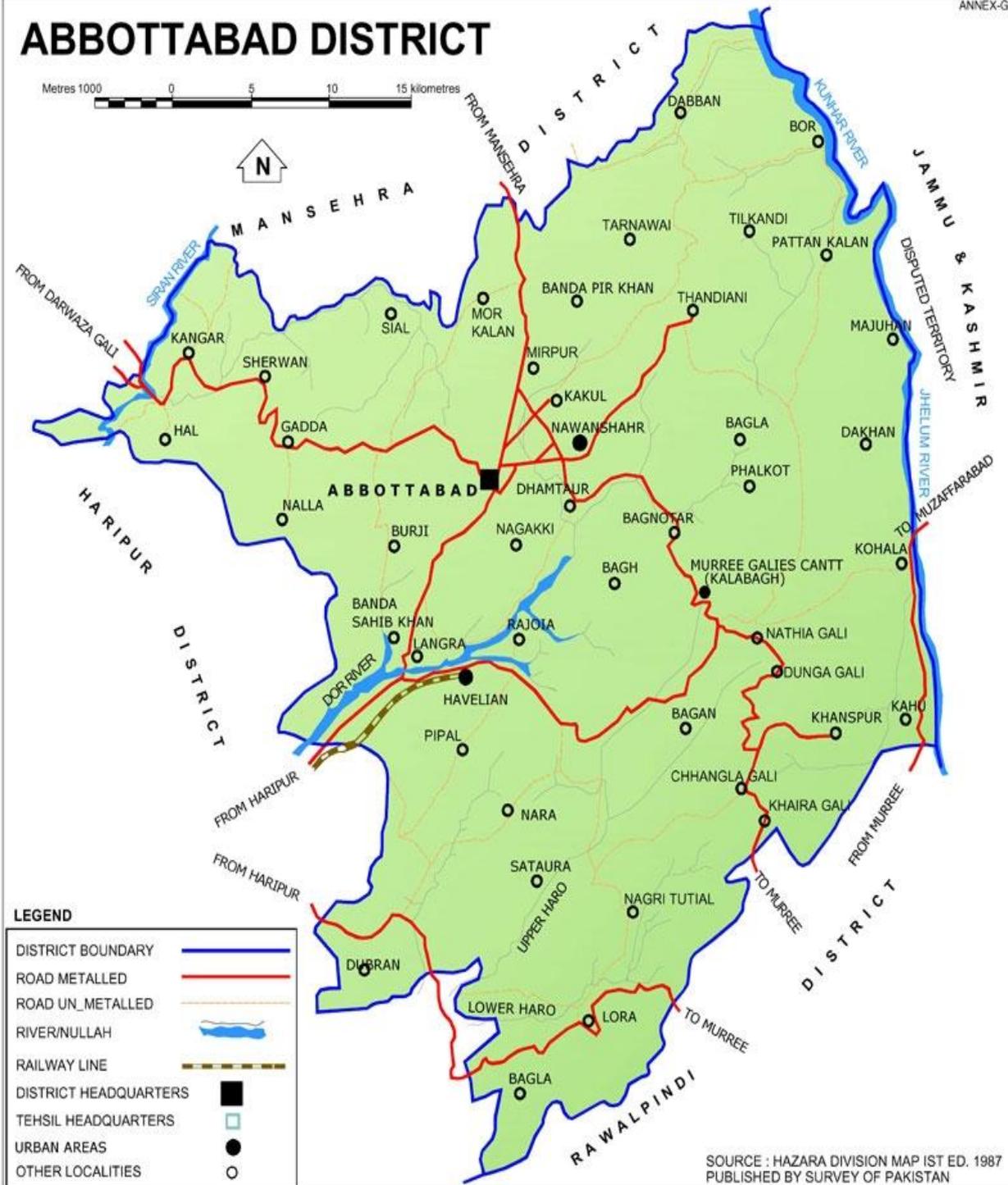
District Abbottabad

Map of NWFP & Northern Areas



ABBOTTABAD DISTRICT

Metres 1000 0 5 10 15 kilometres



LEGEND

DISTRICT BOUNDARY	
ROAD METALLED	
ROAD UN_METALLED	
RIVER/NULLAH	
RAILWAY LINE	
DISTRICT HEADQUARTERS	
TEHSIL HEADQUARTERS	
URBAN AREAS	
OTHER LOCALITIES	

SOURCE : HAZARA DIVISION MAP 1ST ED. 1987
PUBLISHED BY SURVEY OF PAKISTAN

1. Profile of the District

Abbottabad is a district in the North West Frontier Province (NWFP). It is located at a distance of about 121 kilometers from Islamabad. District Abbottabad has an area of 1967 square kilometers and, according to the latest estimates, it is home to about 1 million people. As per the official estimates, 18.6 percent people live in urban areas and 81.4 percent in rural areas. Hence, it is essentially a rural district. Topography of the district is predominantly mountainous and rugged. The district is heavily dependent on rain and experiences high levels of humidity.

Table 1: Population and Percentage Increase since 1951 (In Millions)

	1951	1961	1972	1981	1998	2009 (Estimated)
Population	0.32	0.35	0.53	0.65	0.88	1.0
Average annual growth rate	-	1.05	3.43	2.52	1.82	-

Source: Population Census Organization, Government of Pakistan, District Census Report of Abbottabad, 1999.

In 1951, the population of the district was only 0.32 million, which has increased to over 1 million by 2009. Abbottabad is the largest city in the Hazara region; and is known for its schools and nice climate. The district is divided in 2 tehsils, which are Abbottabad and Havelian. There are 51 Union Councils in the district.

The district has a rich profile of significant contribution in the education sector, especially by the private sectors and some well-known institutions in the government sector. Interestingly, the institutions offering quality schooling and catering for the higher education needs mostly serve the settlers or the boarders instead of the local population. The only logical reason may be the low economic opportunities resulting in the subsistence economy that restricts the local people from sending their sons and daughters to the good schools and higher education institutions located just round the corner. In general, while enrollment ratio at primary level is impressive, it progressively declines at higher levels.

According to 1998 census, the literacy rate in the whole district was 56.6 percent. In the rural areas, the literacy rate was 51.85 percent and, in the urban areas, it was 76.73 percent. These literacy rates were significantly higher than the rates reported during the previous census in 1981. In 1981, the overall literacy rate in the district was only 27.97 percent, while 23.32 percent people in the rural areas were literate.

In terms of gender, in 1998, the literacy rate among males stood at 74.52 percent and, among females, at 39.11 percent. It was, however, very low in the rural areas, where the literacy rate among females was only 34.18 percent. However, when compared to other districts of Punjab or NWFP, these rates were impressive.

Table 2: Literacy Ratio by Sex and Rural / Urban Areas – 1981 and 1998

Area	1981			1998		
	Both Sexes	Male	Female	Both Sexes	Male	Female
All Areas	27.97	43.48	11.23	56.61	74.52	39.11
Rural	23.32	39.16	7.34	51.85	71.33	34.18
Urban	53.87	63.32	39.02	76.73	85.69	64.71

Source: Population Census Organization, Government of Pakistan, District Census Report of Abbottabad, 1999.

By 2009, the literacy rate in the Abbottabad district has further improved. It is estimated that, by 2004-05, the overall literacy rate of 10 years + in Abbottabad had increased to 65 percent. The ratio among males was 79 percent and, among females 52 percent. Even the overall adult literacy rate among 15 years + was estimated at 59 percent i.e. 76 percent among males and 45 percent among females.³

2. Education Sector in Abbottabad

2.1. Overall Responsibility and Management:

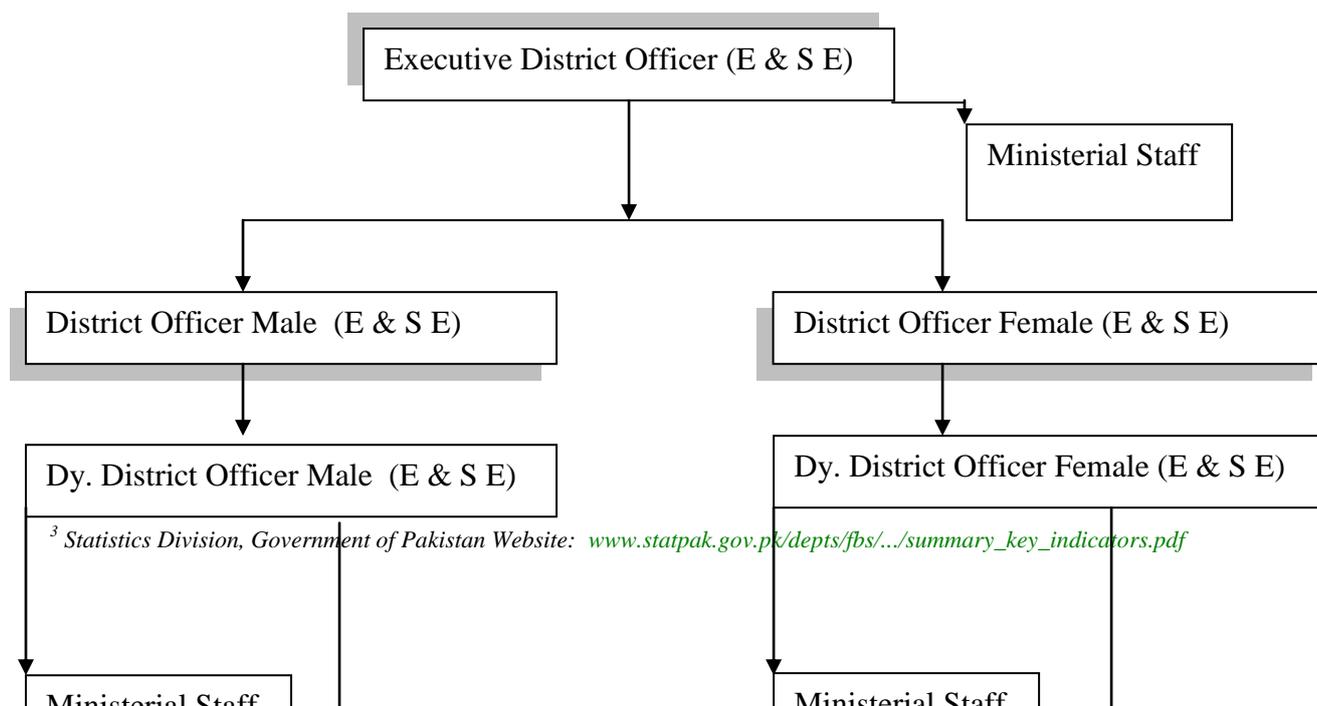
Under the Local Government Ordinance 2001, the responsibility for elementary and secondary education has been devolved to the district governments. Each district government is headed by an elected District Nazim, who is responsible for overseeing and managing the routines administrative, planning and service delivery functions. However, the authority for approving development plans and annual budget as well as exercising executive oversight lies with an elected council. In each district, District Coordination Officer (DCO) serves as head of administration and is responsible for various coordination functions. Under him, there exist departments for various functions like health, revenue and education.

Accordingly, in Abbottabad, Executive District Officer - EDO (Elementary and Secondary Education) is responsible for all matters related to education. The EDO is responsible to DCO and then to the District Nazim, who heads the district government.

The EDO (Elementary and Secondary Education) has the responsibility for all types of pre-primary, primary, middle, high and higher secondary schools in the district. Intermediate Education (Grades 11-12) is by and large the responsibility area of Higher Education Department of the Provincial Government that manages the Intermediate Colleges or Degree Colleges which usually offer arts and science courses. However, the Higher Secondary Schools, which are managed by the Elementary and Secondary Education Department of the District, also cater to the needs of the students in classes XI-XII.

The Organogram below illustrates the administrative structure of the education department in the district.

Organogram



³ Statistics Division, Government of Pakistan Website: www.statpak.gov.pk/depts/fbs/.../summary_key_indicators.pdf

2.2. Educational Facilities in Abbottabad:

There exist 1867 schools in the public sector in the Abbottabad district. Out of these 1214 schools are for males and 653 for females, which indicate a huge gender gap in terms of existing educational facilities that have been established by the government. The following table is indicative of the number of educational institutions of different types and of different levels both for male and female population in the district.

Table 3: Number of Schools in Abbottabad in 1998 and 2009

Type	1998			2009		
	Male	Female	Total	Male	Female	Total
Primary Schools	523	455	978	1050	540	1590
Middle Schools	68	40	108	90	77	167
High Schools	62	24	86	62	29	91
Higher Secondary Schools	7	3	10	12	7	19
Total	730	522	1252	1214	653	1867

Source: Bureau of Statistics, Go NWFP, E&S Education Department, Finance & Planning Department and the Education Management Information System (EMIS); and Population Census Organization, Government of Pakistan.

The above Table shows that little progress has been made during 1998 and 2009, as the number of schools increased only from 1252 to 1867. However, the major disappointment is regarding the female educational institutions, which only increased from 522 in 1998 to 653 in 2009.

2.3. Financing of Education:

Public sector education in the district is predominantly financed through funds provided by the Federal and provincial Governments. Main channel for this financing is the Provincial Finance Commission (PFC) Award, whereby the provincial government distributes funds among the districts falling within its jurisdiction. The criterion for allocations among districts includes population and some weight for backwardness. A number of foreign-aided programs are also involved in funding different components of education through grants, loans and technical assistance. In Abbottabad, federally funded Education Sector Reforms Programme and Education for All Project are significant contributors, besides the regular resources provided to the District Government by the Provincial Government. The district mobilizes very limited resources on its own and is predominantly dependant on the provincial or federal governments.

2.4. Quality of Education:

Although district Abbottabad is known in the whole country for its schools, this reputation is less because of the overall good performance of government schools and more so owing to few well-known public and private schools located in the city. The quality of education in government schools is generally below the expectations and minimal standards. It is particularly so in relation to the schools, which are located in the rural and far-off areas. The poor quality of infrastructure and education in government schools explains a range of problems like:

- Low enrollments;
- High drop-out ratios;
- High failure rates; and
- Low levels of learning.

The enrollment is especially low in high and higher secondary schools. It is because only a small proportion of students do progress to these levels due to various reasons like high drop-out or failure ratios. Of those enrolled at this stage, about two-third are male students. Enrollment is high in arts courses.

3. Budget Making Process for Education Sector in Abbottabad

The budget process generally involves steps meant for preparing estimates for revenue generation as well as for prospective expenditures. In the case of districts, however, there is a limited mandate as well as capacity for collecting revenues on their own. As a result, the districts are almost completely dependant on funds provided by the provincial governments.

Conventionally, a budget is a financial report containing estimates of Income and Expenses or a plan for coordinating Resource Generation & Utilization. In other words, it is a financial plan incorporating receipts (cash in-flow) and outlays (cash out-flow) in a fiscal period (two years, one year, six months, three months).

In wake of the Devolution of Powers Plan and its subsequent implementation through the Local Government Ordinance 2001, the provincial government of NWFP provides funds to the districts through the PFC Award on the basis of:-

- Population
- Backwardness
- Lag in infrastructure

Equity being the spirit behind the institution of PFC Award, the latest weightage given to the above three parameters in 2009-10 was 60 percent, 20 percent and 20 percent respectively. The needs for development and non-development requirements of the districts are evaluated periodically through official channels by the provincial government.

The management of financial resources available to the District Government and their further allocation and re-allocation is the jurisdiction of the Finance and Planning Department at the district level. As for the education sector, the budget preparation and all its related areas of intervention are jointly administered by the Elementary and Secondary Education Department and Finance and Planning Department.

In the district, under the Budget Rules notified by the provincial government in 2003, the budget making process for the next year should start in July and should be completed by June next year when the budget proposals should be presented before the District Council for approval. Under the Rules, the Calendar outlined in the following Table should be followed for preparing annual budget:

Table 4: Budget Calendar – Current and Development

Sr. #	Activity	Target Date
1	Issue Call letter and guidelines to concerned offices.	September

2	i) Submission of Schemes by CCBs (Copy to Evaluation Committee of Council). ii) Submission of prioritized list of schemes by concerned offices along with administrative approval / technical sanction to Development Committee for inclusion in ADP.	Before 1 st March
3	i) Excesses and Surrenders Statement ii) Revised Estimates and Supplementary Budget if required. iii) Statement of New Expenditure iv) Consolidation of Draft Budget (Current and Development) for next financial year. Finalization by Budget and Development Committee.	March
4	Submission of Draft Budget to Council based on initial estimates provided by the Provincial Government	1 st April
5	Review of Draft Budget by council.	April
6	Input from Government and Public on the Proposals agreed by the council.	1 st May to 1 st June
7	Revisions and Changes by Head of Offices and Finalization by Budget and Development Committee.	May – June
8	Submission of Final Budget to Council based on final estimates provided by the Provincial Government.	June
9	Approval of Final Budget by Council.	June
10	Communications of Current Budget Grants to concerned Offices and Accounts Offices.	July
11	Final Accounts Previous year.	October

Source: NWFP District Government and Tehsil Municipal Administration (Budget) Rules, 2003.

However, in practice, the Budget Rules are not fully implemented due to a range of political constraints, capacity issues and bureaucratic inefficiencies. As a result, the following types of problems are reported:

- All stakeholders are not fully and effectively consulted in the process of identifying and prioritizing new development projects. Usually councilors submit the development schemes, which may be based on partisan view of community needs and, occasionally, discriminate against certain groups in the society like political opponents.
- Development funds are distributed among various Union Councils and, since the overall available funds are limited, very small projects can be implemented and, these too, sometimes are spread over several years. This creates inefficiencies and fails the very objectives of coherent planning and development, which could lead to a realization of a set goal within a given timeframe.
- The deadlines set in the Budget Calendar, which is outlined in the Table above, are often ignored, which results in long delays in identification of development projects, preparation of estimates or proposals, and obtaining timely technical sanctions or finalization of draft budgets. These delays result in slowing down the entire development process.
- In particular, draft budgets are not usually ready in time and are not presented in the Council. These are also not easily accessible to common people and civil society, which restricts the opportunities for public participation. In part, this problem is due to the technical nature of budget documents and the fact that these are prepared and presented in English.

4. Education Budget Analysis

4.1. Budget Overview:

In 2009-10, the total education budget of the district was RS 1349 million, as against the original allocation of RS 1165 million in 2008-09. This allocation of RS 1349 for 2009-10, however, was lower than the revised allocation of RS 1394 million in 2008-09.

In 2006-07, the total district education budget was only RS 941.6 million, which means that the budget has increased by about 43 percent over these years. This amounts to about 10 percent per year increase on average, which is very low when the impact of high inflation in the country is accounted for.

However, in addition to the district education budget, funds have also been spent in the district through the provincial ESR program. In 2009-10, the total education budget for the district, inclusive of ESR, was RS 1352 million. The Table below provides data about the district education budget as well as for ESR. It also provides figures for yearly increase in the total education budget of the district, which are not encouraging for being very low or in the negative.

In per capita terms, district Abbottabad had an allocation of RS 1352 for each person in 2009-10. Another fact that may be noted is that the allocation for ESR has decreased significantly since the year 2006-07.

Table 5: Total Education Budget of District Abbottabad

Year	Total District Budget	E.S.R	TOTAL	%age Increase each year
Budget Estimate 2006-07	941,560,880	16,757,000	958,317,880	-
Revised Estimate 2006-07	960,215,000	16,287,000	976,502,000	1.9
Budget Estimate 2007-08	1,084,754,630	4,193,000	1,088,947,630	11.5
Revised Estimate 2007-08	1,139,703,430	4,405,000	1,144,108,430	5.1
Budget Estimate 2008-09	1,165,264,800	2,936,000	1,168,200,800	2.1
Revised Estimate 2008-09	1,394,486,500	3,041,000	1,397,527,500	19.6
Budget Estimate 2009-10	1,349,231,520	2,961,000	1,352,192,520	-3.2

Source: District Government, Abbottabad.

4.2. Salary Budget:

The salary component of the district budget for Elementary and Secondary Education Department constitutes the biggest chunk of financial allocation for the department. From an allocation of RS 933,082,710 in the year 2006-07, it has risen to the figure of RS 1,296,021,810 in the year 2009-10 showing an increase of 39 percent. A close look at the overall district budget for all the 12 devolved departments shows that, in the past 4 years, the annual salary allocation for the education department has always been around 78 percent of the total salary budget of the

district government.

It may be mentioned here that Elementary and Secondary Education Department is the largest among the devolved departments to the district. In this department, the number of sanctioned posts increased from 9931 in the year 2006-07 to 10160 in the year 2009-10.

Table 6: Salary Budget of Education Department

Year	Salary Budget	Total Budget	E.S.R
Budget Estimate 2006-07	933,082,710	941,560,880	16,757,000
Revised Estimate 2006-07	940,360,580	960,215,000	16,287,000
Budget Estimate 2007-08	1,036,305,930	1,084,754,630	4,193,000
Revised Estimate 2007-08	1,082,354,950	1,139,703,430	4,405,000
Budget Estimate 2008-09	1,117,427,600	1,165,264,800	2,936,000
Revised Estimate 2008-09	1,331,949,020	1,394,486,500	3,041,000
Budget Estimate 2009-10	1,296,021,810	1,349,231,520	2,961,000

Source: District Government, Abbottabad.

The review of the financial releases made by the provincial government to the district government under the salary component lays bare an interesting fact to the utter disadvantage of the district government. It is that, by and large, the funds released by the provincial government to the district government for salary purposes have never matched the related district estimates. The funds released under salary head have usually been 4-5 percent less than the district estimates. In this way, the district has consistently been deprived of the financial benefit it could have secured by re-appropriation of the saving under the salary head in view of the large number of vacancies occurring during any financial year.

The practice of releasing funds on monthly basis further creates hindrances in the effective management of the salary budget and most of the times the employees of the department have to wait till approval and release of the Revised Budget Estimates. The MRC and Leave Salary including Leave Encashment admissible on the eve of retirement are the worst-hit sub heads of the salary budget. Being directly related to the employees' service benefits as well as to the key players involved on the motivational side of employees' maintenance, any negative effect has a significant bearing on the professional performance of the staff of this department. This is reportedly one of the reasons for teachers' unauthorized leaves, instead of properly sanctioned ones and highly inflated and fake cases of MRC.

Although the provincial government recoups the salary shortfall on the basis of actual expenditure incurred during a financial year, the fact remains that the process and procedures in vogue create many bottlenecks beyond the control of the district government, especially the Education Department of the district. There exist serious capacity constraints among the Drawing and Disbursing Officers (DDOs) and their support staff in relation to understanding various sub-heads of salary budget as well as the prescribed budget forms like BM 2 and BM 6

show. Resultantly, the salary budget, most often, instead of being needs based, is either incremental in practice or, in worst cases, repetition of the last financial year with no possibility of rectification before the Revised Estimates.

4.3. Non-Salary Budget:

The non-salary budget of the department includes various sub-heads essential for the operation and maintenance as well as routine activities of the administrative offices and their subordinate institutions. Besides the vital utilities like electricity, gas, telephone, it incorporates other heads like transportation, traveling allowance, POL, repair and maintenance, purchase of equipment and furniture. The most important amongst them all are two heads of Petty Repair and Class Room Consumables, which are based on the number of class rooms in a given institution. These funds are part of the PFC Award and their present rate is RS 5000/- and RS 2000/- per class room per annum respectively. The mode of utilization is specified and governed under Parent Teacher Council (PTC) guidelines issued by the provincial government and amended from time to time. Special funds to the tune of 6.7 million were provided to the district under Terms of Partnership in the year 2007-08 which were utilized through PTCs for provision of various basic facilities in the year 2008-09.

The non-salary revised budget estimates rose from RS 19,854,420 in the year 2006-07 to RS 53,209,710 in the year 2009-10. The tied grants under heads Petty Repair and Class Room Consumable have also been provided for the last 3 financial years. The non-salary figures include these funds for these last 3 years.

The Table below clearly shows that, in Abbottabad, more than 95 percent of the total education budget is allocated for salaries; while less than 5 percent is meant for non-salary requirements of education department and related institutions. In 2006-07, the original allocation for non-salary was less than 1 percent, which was later increased to 2.1 percent in the revised budget for the same year.

Table 7: Non-Salary Budget vis-à-vis the Total Education Budget

Year	Non-Salary Budget	Total Budget	Non-Salary Budget as %age of Total
Budget Estimate 2006-07	8,478,150	941,560,880	0.9
Revised Estimate 2006-07	19,854,420	960,215,000	2.1
Budget Estimate 2007-08	48,448,700	1,084,754,630	4.5
Revised Estimate 2007-08	57,348,480	1,139,703,430	5.0
Budget Estimate 2008-09	47,837,200	1,165,264,800	4.1
Revised Estimate 2008-09	62,537,480	1,394,486,500	4.5
Budget Estimate 2009-10	53,209,710	1,349,231,520	4

Source: District Government, Abbottabad

The state of utilization of non-salary grants is not satisfactory. Viewed from the perspective of district Finance Department, all funds are released to the concerned Drawing and Disbursing

Officers in time each year but mechanism of their actual utilization and verification is not simple due to a variety of procedural difficulties. On the one hand, these funds are very small and, on the other hand, even these meager allocations are not being efficiently utilized.

5. Development Budget

The development needs of the department are mostly identified and prioritized by the political leadership representing different electoral constituencies in the district. Most often, the development priorities as identified by political leaders focus on establishment of new schools or up-gradation of the existing ones. However, so far, such development needs have been met directly by the provincial government through either departmental ADP or Chief Minister's Directives incorporated mostly in the umbrella schemes of the provincial Annual Development Programme. No such project could be funded through the district ADP as the cost of even the smallest establishment or up-gradation is usually much beyond the scope of union councils' programme supported by the district government.

During the last 4 financial years, a total of 41 new primary schools have been established in the district, as against 5 new middle schools. In these 4 years, not a single new high school was established. It may seem as indicative of any conscious focus on primary education. However, several key informants argued that it was primarily because the smaller units like primary schools could fit well in the wish list of the identifiers and priority-setters. Instead of building 1 high school comprising at least 10 class rooms, 5 primary schools of 2 class rooms each are more feasible in terms of accommodating demands of various localities of the same constituency.

Table 8: Development Projects 2005-06 – 2008-09

Details		Boys				Girls			
		05-06	06-07	07-08	08-09	05-06	06-07	07-08	08-09
Establishment of New Schools	Primary	6	3	7	5	2	7	6	5
	Middle	-	-	-	2	-	-	-	3
	High	-	-	-	-	-	-	-	-
Up gradation from Primary to Middle level		-	-	4	3	5	-	1	2
Up gradation from Middle to High level		-	2	4	-	3	3	1	-

Data regarding up-gradation of existing schools shows that a total of 14 primary schools have been up-graded to the level of middle schools during the last 4 years. In the same period, a total of 13 schools were up-graded from middle to high schools.

When examined from gender perspective, it is clear that there does not exist any priority focus on removing the vast disparities in existing facilities meant for men and women. In the last 4

years, for instance, only 20 out of 41 new primary schools built were for females. Similarly, 3 out of the total 5 new middle schools built were for women. Similar situation exists in relation to up-gradation of existing schools. This is a serious problem, as the existing disparities along gender lines are huge; and girls find it more difficult than boys to access schools located at far off locations.

6. Major Concerns related to Current and Development Budgets

This study brings out the several concerns that require attention of policy makers and other stakeholders. These are as follows:

- There exist a vast gap between the number of educational facilities meant for boys and girls in Abbottabad. And yet, little is being done to address this gender gap, despite the fact that the girls need more educational institutions to have easy access. More educational institutions for females are also required to bridge the vast gap between male and female literacy rates in the district.
- Most of the education sector budget available with the district government is consumed by employees' related expenses. As a result, little amounts are allocated for non-salary budget heads, which are extremely important for smooth functioning of educational institutions. Without making adequate provisions for non-salary heads like communication, consumables, utilities and transport, it would be unrealistic to expect improvement in enrollments or quality of education delivered in government schools.
- The district has very limited resources available for implementing development projects. This is obvious from the fact that the district government has not been able to build any new schools from its district education budget over the last several years; and it has to solely depend on the provincial ADP.
- The budget calendar, as provided in the Budget Rules notified by the NWFP government in 2003, is not strictly followed. In particular, the provisions relating to stakeholder consultations, timely completion of proposals and technical sanctions, and presentation of draft budget in the District Council are ignored, which limits the opportunities for public participation and oversight.
- Female teachers face additional difficulties, especially when posted away from their places of residence. It is important that their salaries packages are made attractive enough to ensure that they happily attend the schools and perform their duties.

7. Recommendations

In view of the finding of this study, the following recommendations are made:

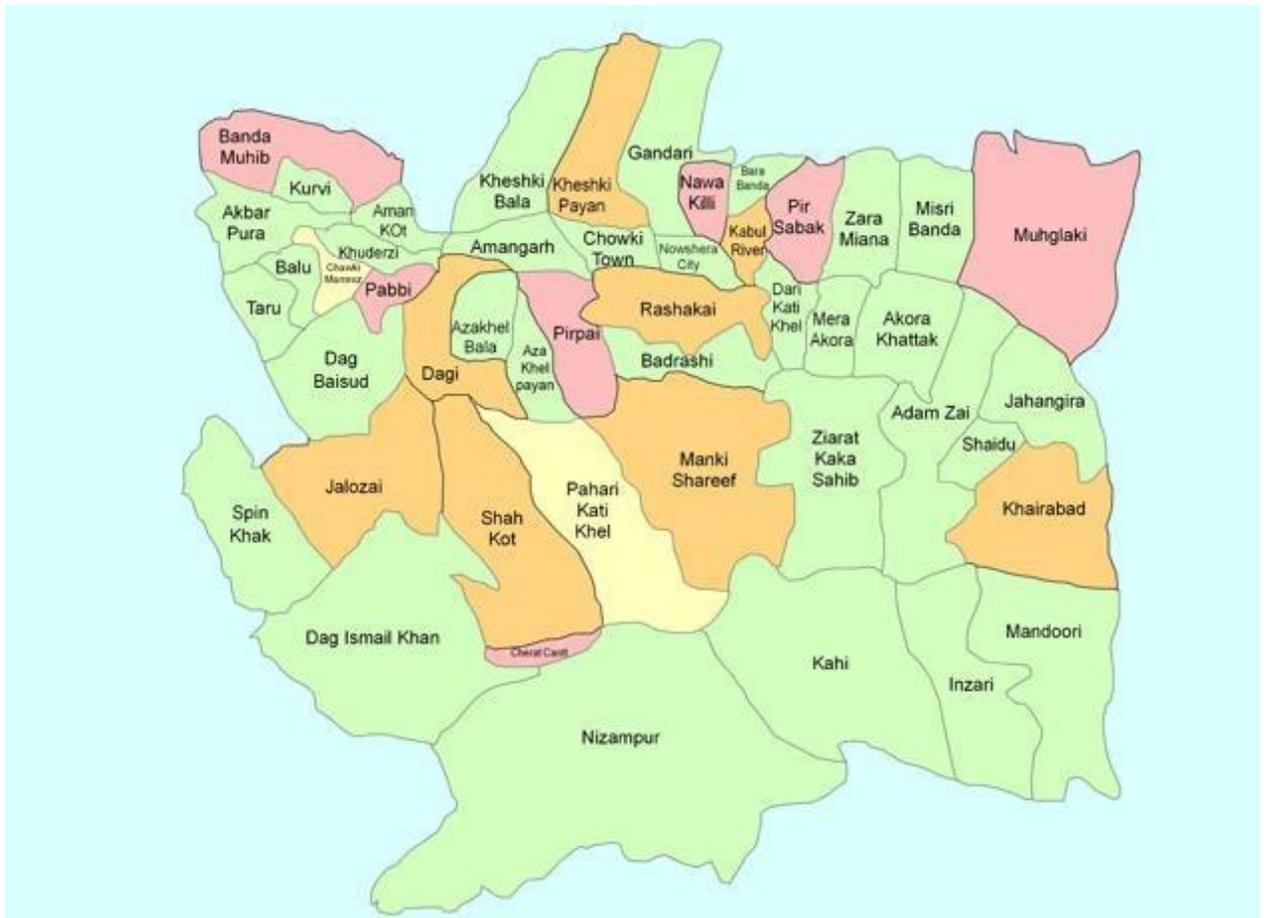
- The overall budget for the education sector in the district needs to be increased. This would, however, be only possible if, on the one hand, the resources allocated through the PFC Award witness significant increase and, on the other hand, the districts improve their own resource generation capacity and efforts.
- The non-salary allocations need to be significantly increased so that schools could meet the needs relating to their operating expenses. Simultaneously, efforts should be made to improve procedures and human resource capacities in order to ensure that

schools can efficiently access and utilize funds allocated for operating expenses.

- The budgetary allocations should be linked with performance of relevant institutions. Such Performance Based Budgeting with a well defined monitoring policy can help improve the quality of education.
- All stakeholders, including the students and communities, should be consulted in the process of identifying budgetary needs of school. This can happen at the time when schools are required to submit their requirements in response to the Budget Call Letter.
- The Budget Calendar, as provided in the Rules, should be strictly followed to ensure efficiency and public participation in the process.
- The budget making process needs to be made gender sensitive in order to ensure adequate provisions for the existing girls' schools as well as to bridge the gap that exists in the number of educational institutions for males and females in the district.

District Nowshera

Map



1. Profile of the District

District Nowshera is located in the North Western Frontier Province (NWFP) along the bank of river Kabul. The city part of the district predominantly consists of cantonment area. The district is bounded on the east by district Attock of the Punjab province and, on the west and to the north-west side lie districts of Peshawar and Charsadda. Whereas, on its northern side are the districts of Mardan and Swabi and, on the south is district Kohat. District Nowshera consists of 1 tehsil and 48 union councils.

The total area of district is 1,748 square kilometers. And its total population is 0.87 million, as per the 1998 census, which included 0.46 million males and 0.42 million females. As per 1998 census, population growth rate of the district was 2.9 percent. Nowshera is predominantly a rural district, as only 26 percent people lived in the urban areas. By 2009-10, the population was expected to rise to around 1.3 millions.

Table 1: Population and Percentage Increase since 1951 (In Millions)

	1951	1961	1972	1981	1998	2009 (Estimated)
Population	0.223	0.227	0.411	0.538	0.874	1.30
Average annual growth	-	2.2	3.4	3.2	2.9	-

Source: Population Census Organization, Government of Pakistan, *District Census Report of Nowshera*, 1999.

In 1998, Nowshera district included four Municipal Committees, three Cantonments and one Town Committee. In view of the broader trend of rural-urban migration, it is expected that the urban population would have further increased by 2009.

According to 1998 census, the overall literacy rate of the district was 42.5 percent. In the case of women, it was 22.7 percent and, for males, it was 60.6 percent. The overall literacy rate had significantly increased since 1981 census, when it had been reported at only 23.8 percent. In the case of women, the literacy rate had increased from 8.7 percent in 1981 to 22.7 percent in 1998.

The 1998 census had shown a significant rural-urban difference in terms of literacy rates. In 1998, only 37.6 percent people in the rural areas were literate, as against 55.6 percent in urban areas. In terms of gender, only 18.1 percent women were literate in rural areas; whereas the literacy rate of women in urban areas was 36.6 percent. In the years between 1981 and 1998, the literacy rate of rural women had increased from 4.9 percent to 18.1 percent; whereas in the case of rural males, it increased from 27.1 percent to 56.5 percent.

Table 2: Literacy Ratio by Sex and Rural / Urban Areas – 1981 and 1998

Area	1981			1998		
	Both Sexes	Male	Female	Both Sexes	Male	Female
All Areas	23.8	36.8	8.7	42.5	60.6	22.7
Rural	16.2	27.1	4.9	37.6	56.5	18.1
Urban	43.5	58.1	21.2	55.6	70.4	36.6

Source: Population Census Organization, Government of Pakistan, District Census Report of Nowshera, 1999.

By 2009, the literacy rate in district Nowshera may have further increased but reliable statistics are not available.

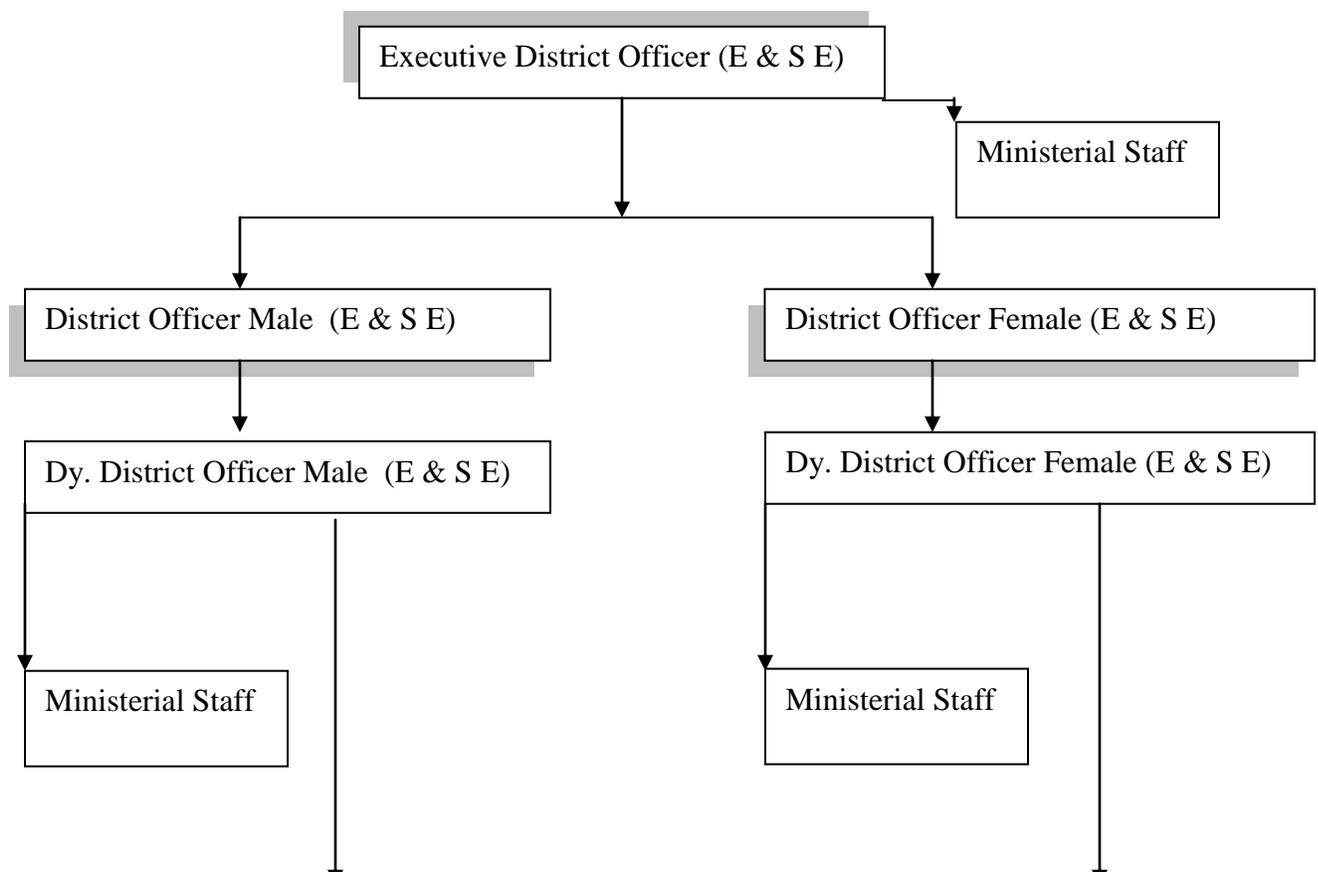
2. Education Sector in Nowshera

2.1. Overall Responsibility and Management

Under the Local Government Ordinance (LGO) 2001, education is responsibility of the District Government, which is headed by the District Nazim. The Nazim is supported by the District Coordination Officer (DCO); while one of the Executive District Officers (EDOs) is responsible for the education sector. The District Nazim is responsible for setting the vision for the district, providing overall policy direction and overseeing of the administration in the district. The district budget, including the components related to education sector, is prepared by the district government and approved by the district council.

It is the EDO Education in the district, who is responsible for day to day functioning of the education department. The responsibilities of this office include, among others, transfers and postings of teachers and other staff, monitoring, general administration, identification of new development needs and overseeing of programs aimed at improving the quality of services being delivered by the education department.

Organogram



2.2. Educational Facilities

In total, there are 736 functional government primary schools in Nowshera, out of which 425 schools are for boys and 311 are for girls. In 2009, the total enrollment in primary schools is 113796, including 63782 boys and 50014 girls. There clearly exists a vast gap between the educational facilities meant for girls and boys, which is also evident from low enrolment of girl students.

Table 3: Primary Schools and Enrollment

Gender	School	Enrollment	Working Teacher
Boys	425	63782	1832
Girls	311	50014	1158
Total	736	113796	2990

Source: District Government Nowshera

The overall gross enrollment ratio, including government schools, non-government schools and deeni madaris in Nowshera, is 96 percent. Out of the total, the gross enrollment ratio in government primary schools is 60 percent; and in non-governmental primary schools is 34 percent.

The number of total working teachers in government primary schools is 2990 out of which male teachers are 1832 and female teachers are 1158. The average number of students in government primary schools is 155; while the average teacher-student ratio in government primary schools is 1 to 38.

As for as the secondary schools (i.e. middle, high and higher secondary schools) are concerned, there are 176 schools in total, out of which 115 are for males and 61 for females. At the secondary level, the overall enrollment is 43910 out of which 28570 are male and 15340 are female students. The gender gap is wider, when it comes to middle, high and higher secondary schools. It is especially very wide in relation to high schools, as there are only 17 high schools for girls, as against 56 for boys.

Table 4: Secondary Schools and Enrollment

Gender	Middle			High			Higher Secondary		
	School	Enroll-ment	Worki ng Teach er	School	Enroll-ment	Working Teacher	School	Enroll-ment.	Working Teacher
Boys	50	5175	307	56	18187	809	9	5208	242
Girls	37	3345	170	17	7530	183	7	4465	135
Total	87	8520	477	73	25717	992	16	9673	377

Source: District Government Nowshera

The average number of students in government secondary schools is 249. In secondary schools, overall number of teachers is 1846 out of which 1358 are males and 488 are females. The average teacher-student ratio in government secondary schools is 1 to 24.

The gross enrollment ratio in government secondary schools of Nowshera is 26 percent; and in non-governmental secondary schools is 11 percent. The overall gross enrollment ratio in the district at secondary level is 37 percent. In other words, about 63 percent children of secondary level school going age are either out of school or in deeni madaris or engaged in other activities.

2.3. Financing of Education

The district primarily depends on grants received from the provincial government under the provincial finance commission (PFC) award. The own sources of income of the district are limited, which include local tax, printing license fee, investment fee, tender fee, building rent and donations. A very high percentage of the district budget is spent on recurring expenses like salaries.

2.4. Quality of Education

As in other districts, the public sector education system in Nowshera suffers from serious weaknesses in terms of providing quality education. As a result, those parents who can afford prefer to send their children to private schools, which means that the public sector education system is generally providing education services of questionable quality to children belonging to poor or low-income groups in the society.

The poor quality of education in government schools is attributed to a range of factors including inadequate facilities, lack of proper teachers' training, and weak monitoring and accountability.

Major problems that illustrate the quality of education or educational facilities are summed up as below:

- High drop-out rate
- High failure rates or low learning levels

- Lack of science laboratories' equipment
- Limited availability of subject specialists
- Missing facilities like drinking water and wash-rooms
- Lack of motivation of teaching staff.

3. Budget Making Process for Education Sector in Nowshera

The budget process generally involves steps meant for preparing estimates for revenue generation as well as for prospective expenditures. In the case of districts, however, there is a limited mandate as well as capacity for collecting revenues on their own. As a result, the districts are almost completely dependant on funds provided by the provincial governments.

In wake of the Devolution of Powers Plan and its subsequent implementation through the Local Government Ordinance 2001, the provincial government of NWFP provides funds to the districts through the PFC Award on the basis of:-

- Population
- Backwardness
- Lag in infrastructure

Equity being the spirit behind the institution of PFC Award, the latest weightage given to the above three parameters in 2009-10 was 60 percent, 20 percent and 20 percent respectively. The needs for development and non-development requirements of the districts are evaluated periodically through official channels by the provincial government.

The management of financial resources made available to the District Government and their further allocation and re-allocation is the jurisdiction of the Finance and Planning Department at the district level. As for the education sector, the budget preparation and all its related areas of intervention are jointly administered by the Elementary and Secondary Education Department and Finance and Planning Department.

In the district, under the Budget Rules notified by the provincial government in 2003, the budget making process for the next year should start in July and should be completed by June next year when the budget proposals should be presented before the District Council for approval. Under the Budget Rules, the Calendar outlined in the Table 5 is required to be followed for preparing annual budget:

Table 5: Budget Calendar – Current and Development

Sr. #	Activity	Target Date
1	Issue Call letter and guidelines to concerned offices.	September
2	i) Submission of Schemes by CCBs (Copy to Evaluation Committee of Council). ii) Submission of prioritized list of schemes by concerned offices along with administrative approval / technical sanction to Development Committee for inclusion in ADP.	Before 1 st March

3	i) Excesses and Surrenders Statement ii) Revised Estimates and Supplementary Budget if required. iii) Statement of New Expenditure iv) Consolidation of Draft Budget (Current and Development) for next financial year. Finalization by Budget and Development Committee.	March
4	Submission of Draft Budget to Council based on initial estimates provided by the Provincial Government	1 st April
5	Review of Draft Budget by council.	April
6	Input from Government and Public on the Proposals agreed by the council.	1 st May to 1 st June
7	Revisions and Changes by Head of Offices and Finalization by Budget and Development Committee.	May – June
8	Submission of Final Budget to Council based on final estimates provided by the Provincial Government.	June
9	Approval of Final Budget by Council.	June
10	Communications of Current Budget Grants to concerned Offices and Accounts Offices.	July
11	Final Accounts Previous year.	October

Source: NWFP District Government and Tehsil Municipal Administration (Budget) Rules, 2003.

However, in practice, the Budget Rules have never been fully implemented in Nowshera due to a range of political constraints, capacity issues and bureaucratic inefficiencies. As a result, the following types of problems are reported:

- Stakeholders are not fully and effectively consulted in the process of identifying and prioritizing new development projects. Usually councilors submit the development schemes, which may be based on partisan view of community needs and, occasionally, discriminate against certain groups in the society like political opponents.
- Development funds are distributed among various Union Councils and, since the overall available funds are limited, very small projects can be implemented and, these too, sometimes are spread over several years. This creates inefficiencies and fails the very objectives of coherent planning and development, which could lead to a realization of a set goal within a given timeframe.
- The deadlines set in the Budget Calendar, which is outlined in the Table 5 above, are often ignored, which results in long delays in identification of development projects, preparation of estimates or proposals, and obtaining timely technical sanctions or finalization of draft budgets. These delays result in slowing down the entire development process.
- Draft budgets are not usually ready in time and are not presented in the Council. These are also not easily accessible to common people and civil society, which restricts the opportunities for public participation. In part, this problem is due to the technical nature of budget documents and the fact that these are prepared and

presented in the English language.

4. Education Budget Analysis

4.1. Budget Overview:

In 2009-10, the total annual budget of District Nowshera was RS 1547 millions, as against the revised budget of RS 1599.5 millions for the year 2008-09. About 80 percent of the total annual budget was meant for salaries; while the remaining 20 percent was for non-salary and development expenditures.

In 2009-10, the current district budget for the education sector was RS 984.8 millions, which amounted to 63.7 percent of the total budget of the district. This included RS 941.9 millions for salary and RS 42.9 millions for non-salary expenditures. This means that only 4.4 percent of the current budget allocated for non-salary expenditures in the education department. Furthermore, this allocation shows that, in per capita terms, district Nowshera allocated about RS 757.5 for education in 2009-10.

Table 6: Current Budget of the District (In Million RS)

Year	Salary	Non-salary	Total
2009-10 Estimate	941.9	42.9	984.8
2008-09 Revised	917.8	57.6	975.4
2008-09 Estimate	786.8	40.7	827.5
2007-08 Revised	788.6	46	834.6
2007-08 Estimate	789.3	39.5	828.8

Source: Annual Budget 2009-10.

4.2. Salary Budget:

Total salary budget of primary schools in the district is RS 449.7 millions in 2009-10, which is 26.7 percent higher than the original allocation of RS 355 millions in 2008-09. This increase in salary budget is primarily because of the government's decision to increase salaries of staff; as very little percentage increase is explained by other factors like increase in the number of teachers or other employees.

Only 35 percent of the total salary budget for education sector in 2009-10 is meant for the salaries of the staff of female primary schools. This indicates the huge gender gap in terms of teaching facilities meant for boys and girls in the district. This situation has remained almost the same since 2008-09 with only minor change.

In 2009-10, the salary budget for male primary schools was allocated against 2144 sanctioned posts, as against 2284 in 2008-09. This means that the number of sanctioned posts actually decreased over the year, instead of increasing. On the other hand, for female primary schools, the salary budget allocation was for 1574 sanctioned posts, as against 1747 in 2008-09. Here, the number of sanctioned posts increased only marginally.

Table 7: Salary Budget of Primary Schools

Name of School	Salary Budget 2008-09	Salary Budget 2008-09 Revised	Salary Budget 2009-10
Boys	233,008,700	271,742,480	292,540,680
Girls	121,998,400	149,602,020	157,159,870
Total Primary Schools	355,007,100	421,344,500	449,700,550
Salary Budget of Male Primary Schools (%age)	65.6	64.5	65
Salary Budget of Female Primary Schools (%age)	34.4	35.5	35

Source: Annual Budget 2009-10.

In 2009-10, the total salary budget of middle schools is RS 107 millions, which is less than the revised salary budget of RS 132 millions for the previous year. This, however, shows 40.8 percent increase over the original allocation of RS 76 million for the year 2008-09.

In the case of middle schools also, there exists a huge gap between the number of male schools and female schools. It is also evident from the salary allocations. In 2009-10, only 34.4 percent of total salary allocations for middle schools was meant for employees of female schools. In terms of percentage, this was less than the original salary allocation in 2008-09 and higher than 2008-09 revised salary budget. These changes are largely due to the difference between the number of sanctioned posts and actual number of employees.

In 2009-10, the salary budget for boys' middle schools had been allocated against 1574 sanctioned posts, as against 1747 in 2008-09. In relation to the female middle schools, the salary budget was allocated against 352 sanctioned posts, as against 321 in 2008-09. Hence, for middle schools as well, the number of sanctioned posts has decreased in overall terms i.e. for both male and female schools.

Table 8: Salary Budget of Middle Schools

Name of School	Salary Budget 2008-09	Salary Budget 2008-09 Revised	Salary Budget 2009-10
Boys Middle Schools	47,567,800	104,284,090	70,274,250
Girls Middle Schools	28,544,100	27,697,480	36,877,380
Total Middle Schools	76,111,900	131,981,570	107,151,630
Salary Budget of Male Middle Schools (%age)	62.5	79	65.6
Salary Budget of Female Middle Schools (%age)	37.5	21	34.4

Source: Annual Budget 2009-10

The Table 9 provides some information about the salary budgets of higher secondary schools in district Nowshera. The allocation of salary budget depends on the number of employees working in the school, whose number ranges between 34 and 46. The salary budget has been increasing over the years but mostly due to yearly increases in salaries; and not owing to increase in number of employees.

Table 9: Salary Budget of Higher Secondary Schools

Name of School	No. of Staff	Salary Budget 2008-09	Salary Budget 2008-09 Revised	Salary Budget 2009-10
Govt. Higher Secondary School, Pirpiai	43	7,057,400	7,763,510	8,340,840
Govt. Higher Secondary School, Risalpur	46	7,761,000	8,606,590	11,945,590
Govt. Girls Higher Secondary School, Dak Ismaiel	34	3,976,900	3,997,460	4,792,090
Govt. Girls Higher Secondary School, Rashakai	35	2,849,400	3,502,250	4,636,200

Source: Annual Budget, 2009-10.

The Table below presents data about the salary budget of high schools. It shows that a normal high school has a staff of about 17 to 37 persons; although there also exist some schools with fewer or far larger staff. And annual salary allocations of normal high schools range between RS 2.2 millions and RS 6.8 millions.

Since 2008-09, the salary budgets have seen some modest increase, which is due to annual increase in staff salaries or normal changes in staff strength. No major investment in terms of substantial increase in staff is evident from the Table below.

Table 10: Salary Budget of High Schools

Name of School	No. of Staff	Salary Budget 2008-09	Salary Budget 2008-09 Revised	Salary Budget 2009-10
Govt. High School, Makhulkay	17	2,246,600	2,192,900	2,252,380
Govt. High School, Gandheri Payan	18	2,189,500	2,253,300	2,513,630
Govt. Girls High School, Pirpiai	37	6,159,600	6,497,060	6,788,150
Govt. Girls High School, Shaidu	33	4,229,200	4,823,230	5,180,920
Govt. Girls High				

School, Kheshgi	19	2,187,100	2,358,570	2,665,390
Govt. High School, Pahari Kati Khel	18	2,444,700	2,391,520	2,680,320

Source: Annual Budget 2009-10.

Note: These randomly selected salary budgets of 3 boys' and 3 girls' high schools.

4.3. Non-Salary Budget:

As in other districts, very limited funds are made available for non-salary expenditures of schools in the district. Usually, the schools have no funds available for expenditures under the budget heads like:

- Entertainment; and
- Purchase and repair of equipments.

In general, very modest funds are allocated for purchase of science equipment. Such allocations are at the disposal of EDO; as these are not included in the budgets of respective schools. The funds allocated to EDO for the purpose are usually insufficient to cover the requirements of each school. It is evident from the fact that, in 2008-09, only RS 0.105 millions were allocated for science equipment needs in the whole district. This amount was used for providing equipment to only 2 schools.

As in other districts, the non-salary budget of the department includes various sub-heads essential for the operation and maintenance as well as routine activities of the administrative offices and their subordinate institutions. Besides the vital utilities like electricity, gas, telephone, it incorporates other heads like transportation, traveling allowance, POL, repair and maintenance, purchase of equipment and furniture. The most important amongst them all are two heads of Petty Repair and Class Room Consumables, which are based on the number of class rooms in a given institution. These funds are part of the PFC Award and their present rate is RS 5000/- and RS 2000/- per class room per annum respectively. The mode of utilization is specified and governed under Parent Teacher Council (PTC) guidelines issued by the provincial government and amended from time to time.

5. Development Budget

Since most of the district budget is consumed by employees' related expenses like salaries and allowances, hardly any funds are left for non-salary or developmental needs of the district. It is evident from the Annual Development Programme 2009-10 of district Nowshera. In this programme, not even a single rupee has been allocated for any new or ongoing development project in the education sector. Only exceptions include 3 ongoing projects under the Special Programme/ ESR; and the total allocation for these is just RS 1.6 millions in 2009-10.

In fact, the development projects for education sector are mostly being implemented by the provincial government through its own annual development programme; while the

district government is playing little or no role in this regard. The following Table lists the education related development projects implemented by the NWFP government in district Nowshera during 2005-06 to 2008-09.

The Table below shows that, during 2005-06 to 2008-09, provincial government has implemented a number of education related development projects in the district. These have mostly been about up-gradation of existing schools, provision of basic facilities, establishment of new schools, building more rooms, and reconstruction of buildings. Out of these, 120 schemes were related to boys' schools and 75 for girls' schools.

It needs to be noted that, while there currently exists a huge gender gap in terms of literacy rate as well as educational facilities for boys and girls, the provincial government has not made it a priority to build or up-grade more girls' schools than boys' schools. This shows that the government remains insensitive to the need or importance of girls' education and, therefore, not much is being done to ensure that girls of the district also have equal opportunities to access schools.

Table 11: Annual Development Programme 2005-06 to 2008-09

S#	Name of Scheme with ADP No. & Year	Girls	Boys	Total Allocation	Total Cost
1	Up-Gradation of 5 Middle Schools to High Status (Year 2006-7)	2	3	2.900	26.240
2	Provision of Basic Facilities in Primary Schools in Nowshera (Year 2006-7)	30	45	4.000	48.499
3	Establishment of 10 Primary Schools in Nowshera (Year 2006-7)	4	6	9.174	16.080
4	Establishment of 7 Girls Primary Schools in Distt Nowshera) (Year 2007-8)	7	0	5.000	11.788
5	Establishment of 8 Boys Primary Schools in Nowshera) (Year 2007-8)	0	8	4.500	13.472
6	Establishment of 9 Primary School (B&G) in Nowshera (Year 2008-9)	3	6	0.000	23.814
7	Reconstruction of Building of GHS No.2 Nowshera Cantt; (Year 2005-6)		2	26.870	26.870
8	Construction// Reconstruction of 3 Secondary Schools in Nowshera (i.e. GGHS Pabbi; GHS Saleh Khana; GHS Khaisari) (Year 2006-7)	1	2	7.500	40.722
9	Establishment of Nowshera Public School (Year 2006-7)		1	0.000	100.000
10	Construction of 50 additional class rooms in Primary, Middle and High Schools in District Nowshera (Year 2007-8)	18	32	13.268	31.744
11	Up-Gradation of 7 Primary Schools in District Nowshera (Year 2007-8)	3	4	4.080	28.737
12	Up-Gradation of 7 Middle Schools to High Status in District Nowshera (Year	2	5	6.000	43.796

	2007-8)				
13	Reconstruction of Building of GHS No.1 Nowshera Cantt; (Year 2007-8)		1	7.704	11.407
14	Up-Gradation of 5 Primary Schools to Middle level in District Nowshera (Year 2008-9)	3	2	0.000	26.530
15	Up-Gradation of 5 Middle School to High status (Year 2008-9)	2	3	0.000	38.960
Total		75	120	90.996	488.659

Source: Annual Budgets of the NWFP Government 2005-06 to 2008-09

6. Major Issues, Concerns and Recommendations

The issues and concerns, as observed about the education budget in Nowshera, and the related recommendations are presented as below:

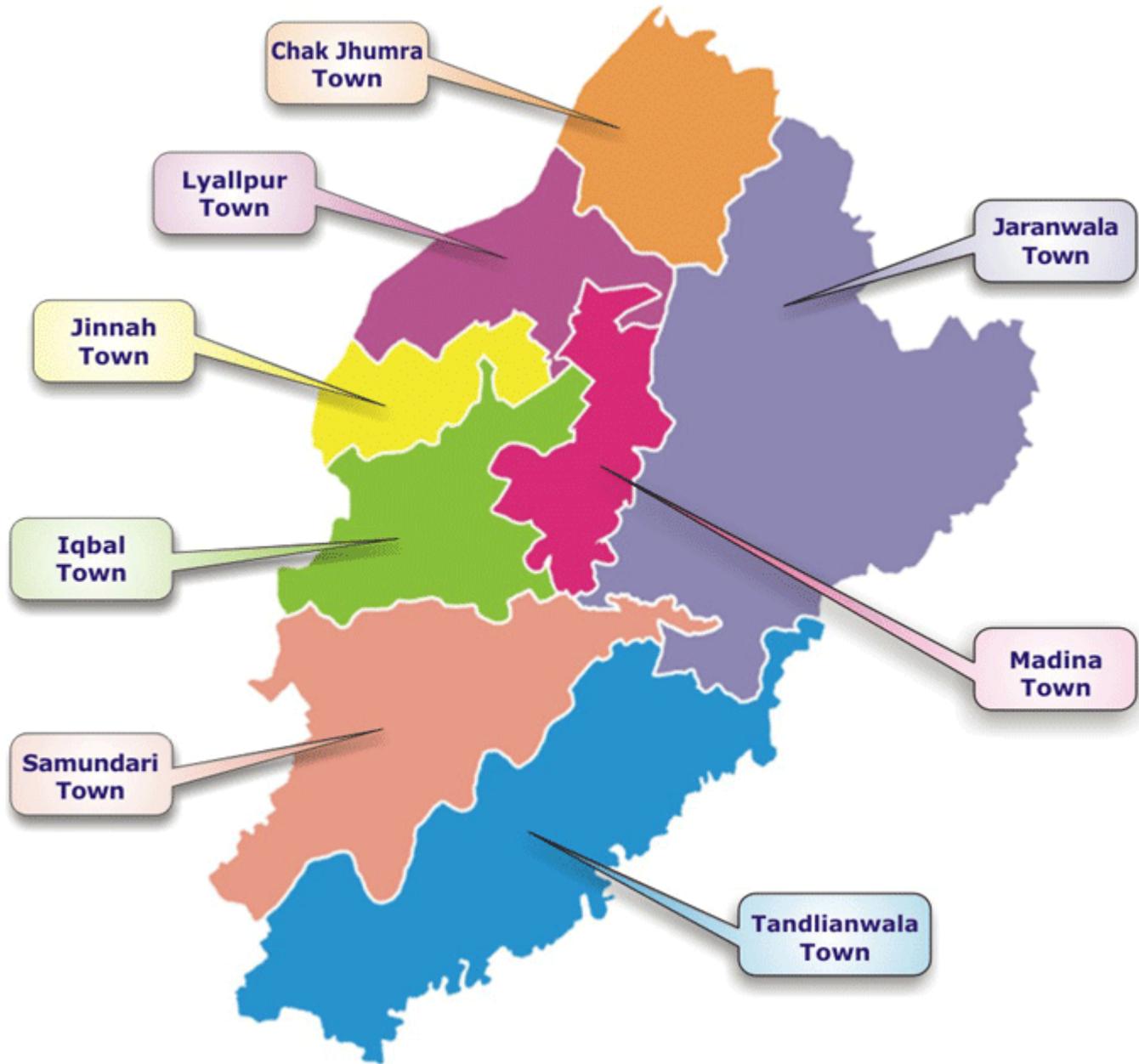
- The overall education budget of the district is very low; and is not adequate to meet its education related needs. The size of the education budget needs to be increased, for which the district government must take steps to increase its own revenues; besides seeking increase in the funds provided by the provincial government under PFC Award.
- Non-salary budget of schools is very low and needs to be substantially increased. In the current situation, the schools cannot meet their very basic needs during the year and, as a result, the quality of education suffers. It happens especially when schools are unable to attract or retain children, resulting in high drop out or failure ratios.
- District government has no funds available for development projects in the education sector. As a result, nearly all education related projects are implemented by the provincial government. This effectively means that, although district government has the powers and responsibility for education sector development, it has no resources to do so. It would be appropriate if the provincial government decides to provide additional resources to the district, instead of implementing development projects for elementary and secondary education sector on its own.
- There exists a huge gender gap in terms of existing educational facilities for boys and girls. This gap needs to be bridged at all levels, especially at the secondary level where there are fewer female high schools as compared to boys' high schools. Each annual development programme must accord priority to female education until the existing gender gap is abridged.
- The budget making process needs to be improved and made consistent with the laid-down budget rules. Currently, there is a little role of stakeholders like teachers, students and communities in assessing needs, determining priorities and

exercising public oversight on budget implementation. However, this would be easier when the district government would assume the driving seat in terms of planning and implementing development projects as well.

- Annual budget for the education sector needs to be made needs-based; and should be prepared and approved through a transparent and open process.

City District Faisalabad

Map
Faisalabad City



1. Profile of the District

Faisalabad is one of the major cities in Pakistan. It is widely known for its textile industry. Total area of the district is 5856 square kilometers. It is bounded by Hafizabad and Sheikhpura on the north and northeast, by Sheikhpura, Okara and Sahiwal on the east and southeast, and by Jhang and Toba Tek Singh on the west and southwest. Until 2001, it had the status of divisional headquarter within the overall administrative arrangement of the provincial government. Faisalabad is the largest city of Pakistan after Karachi and Lahore.

Under the Local Government Ordinance 2001, Faisalabad has been declared as a City District. It consists of eight towns, which are as follows:

1. Lyallpur Town
2. Madina Town
3. Jinnah Town
4. Iqbal Town
5. Samundri Town
6. Tandianwala Town
7. Jaranwala Town
8. Chak Jhumra Town

In 1951, population of district Faisalabad was 2,152,401, which had jumped to 5,429,547 by the year 1998. This represented an increase of 150 percent in 47 years, which amounted to an average increase of 3.2 percent per annum. In 1901, Faisalabad was a small town, as its total population was only 9,171. However, its population rapidly increased to 179,000 in 1951 and 2,009,000 in 1998 census.⁴ The total increase in 47 years was 1000 percent, which amounted to 21.3 percent per annum.

Table 1: Population of Faisalabad City

District	Population in 1998			Average household size	Population in 1981	Average annual growth rate	Current population (estimated)
	Male	Female	Total				
Faisalabad	1,053,085	955,776	2,008,861	7.33	1104209	3.58	2,480,878

Source: Population Census Organization, Government of Pakistan, District Census Report of Faisalabad, 1999.

Table 2: Population and Percentage Increase since 1951 (In Millions)

	1951	1961	1972	1981	1998	2009 (Estimated)
Population	1.549	1.990	3.164	3.562	5.430	n/a
Average annual growth rate	-	2.5	4.1	1.4	2.5	-

Source: Population Census Organization, Government of Pakistan, District Census Report of Faisalabad, 1999.

⁴ These figures are for the Faisalabad city only; and not of the whole district.

In 1998, as per the census data, 42.7 percent of the total population of Faisalabad lived in urban areas. At that time, Faisalabad district included one municipal corporation, three municipal committees and four town committees. In view of the broader trend of rural-urban migration, it is expected that the urban population would have further increased by 2009.

According to 1998 census, the overall literacy rate of the district was 51.0 percent. In the case of women, it was 42.2 percent and, for males, it was 60.9 percent. The overall literacy rate had increased from 31.8 percent in 1981 to 51.9 percent in 1998. In the case of women, the literacy rate had increased from 20.7 percent in 1981 to 42.2 percent in 1998.

The 1998 census had shown a significant rural-urban difference in terms of literacy rates. In 1998, only 42.5 percent people in the rural areas were literate, as against 64.2 percent in urban areas. In terms of gender, only 30.3 percent women were literate in rural areas; whereas the literacy rate of women in urban areas was 57.9 percent. In the years between 1981 and 1998, the literacy rate of rural women had increased from 14.1 percent to 30.3 percent; whereas in the case of rural males, it increased from 36.0 percent to 53.9 percent.

Table 3: Literacy Ratio by Sex and Rural / Urban Areas – 1981 and 1998

Area	1981			1998		
	Both Sexes	Male	Female	Both Sexes	Male	Female
All Areas	31.8	41.6	20.7	51.9	60.9	42.2
Rural	25.6	36.0	14.1	42.5	53.9	30.3
Urban	46.2	54.6	36.5	64.2	69.8	57.9

Source: Population Census Organization, Government of Pakistan, District Census Report of Faisalabad, 1999.

2. Education Sector in Faisalabad

2.1. Overall Responsibility and Management:

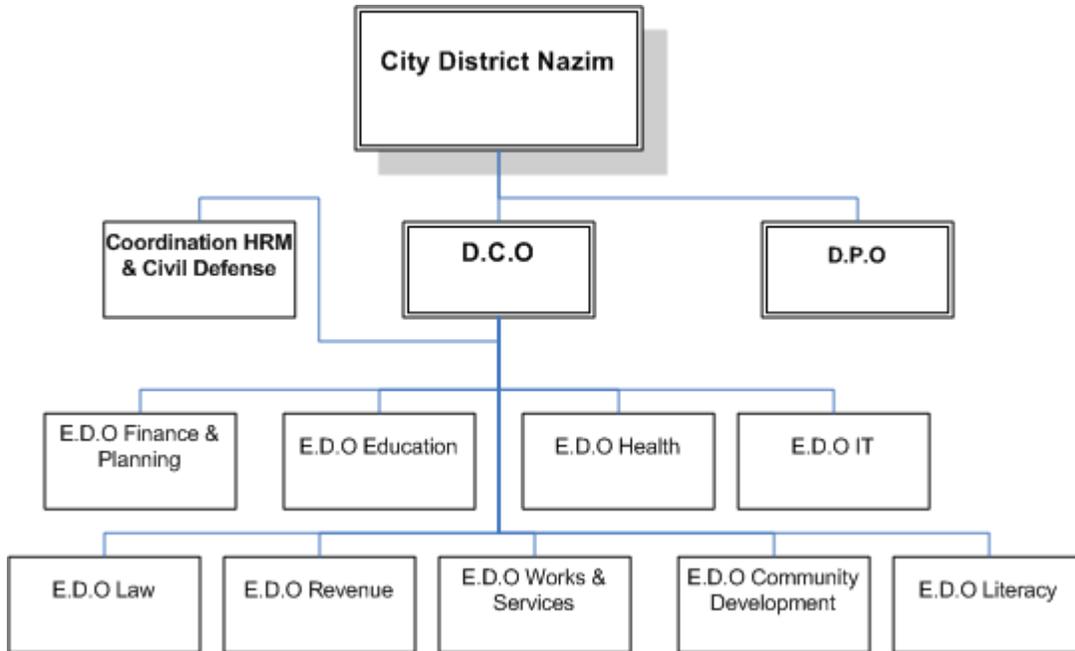
Under the Punjab Local Government Ordinance 2001, the responsibility and management of primary and secondary education has been devolved to the districts. Each district is responsible for day to day management as well as development planning for the education sector.

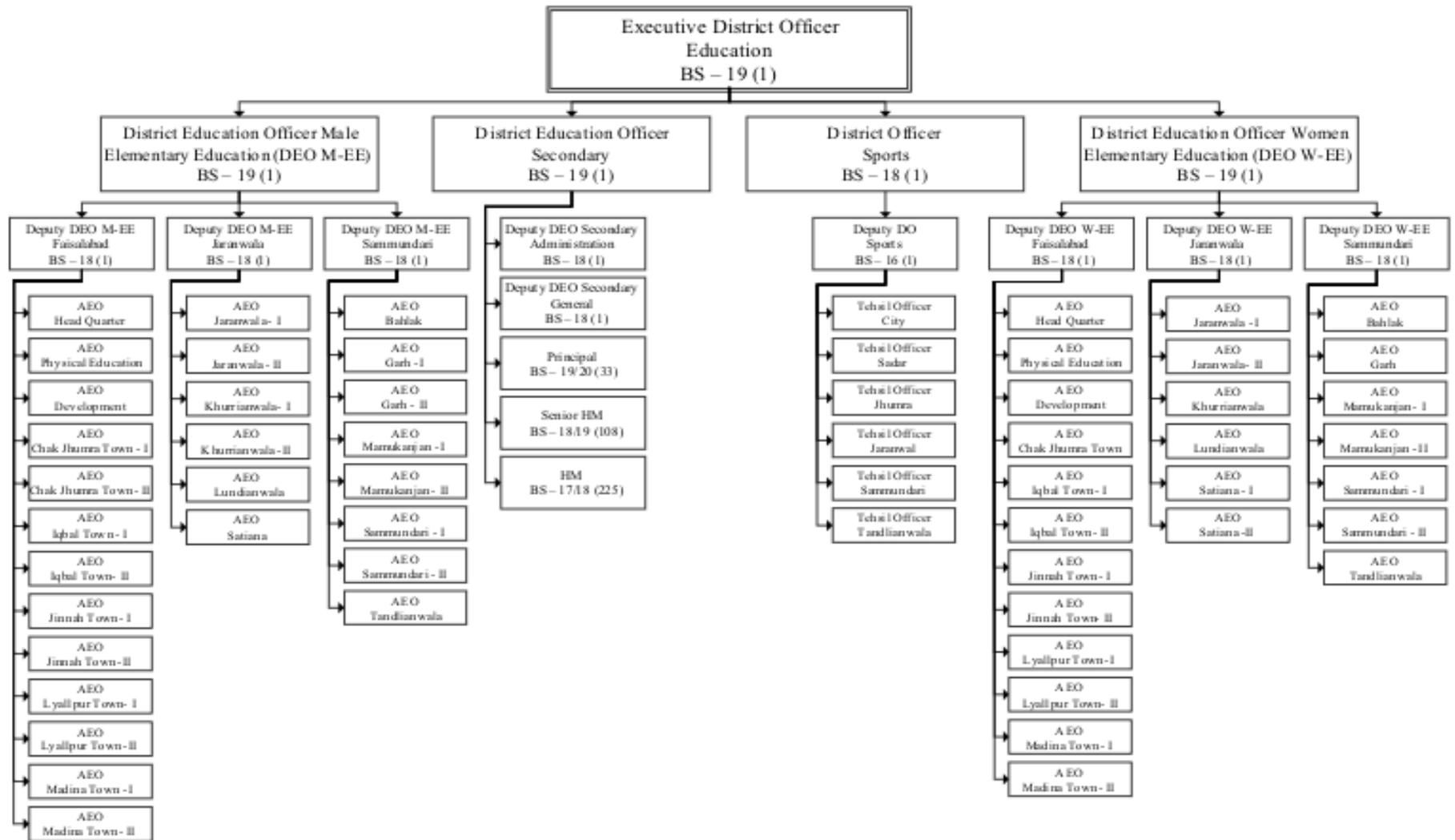
The administration in the Faisalabad district is headed by the City District Nazim, who is elected by the people through their directly elected representatives. The organogram below describes the management system, which clearly puts the Nazim on the top, whereas the District Coordination Officer (DCO) serves as the head of administration. In Faisalabad, Executive District Officer (EDO) Education and EDO Literacy are responsible for matters related to education and literacy in the city district.

While administration and management is the responsibility of district government, the district council has the authority to approve development plans and the annual budget of

the district. The district council can also setup monitoring committees for various sectors, including for education, to oversee the performance of the district government. However, until now, the role of the district council has been relatively weak in terms of exercising oversight and accountability. It is due to the overall democratic culture that puts little emphasis on accountability and the limited role of civil society and media in terms of tracking annual development plans and budgets.

Organogram of City District Government Faisalabad





2.2. Educational Facilities:

In the Faisalabad City District, the total number of schools is 2838, which include 1522 schools for males and 1316 schools for females. Hence, there exists a significant gap in the number of female and male schools. This gap is particularly very high in relation to mosque schools, primary schools and middle schools.

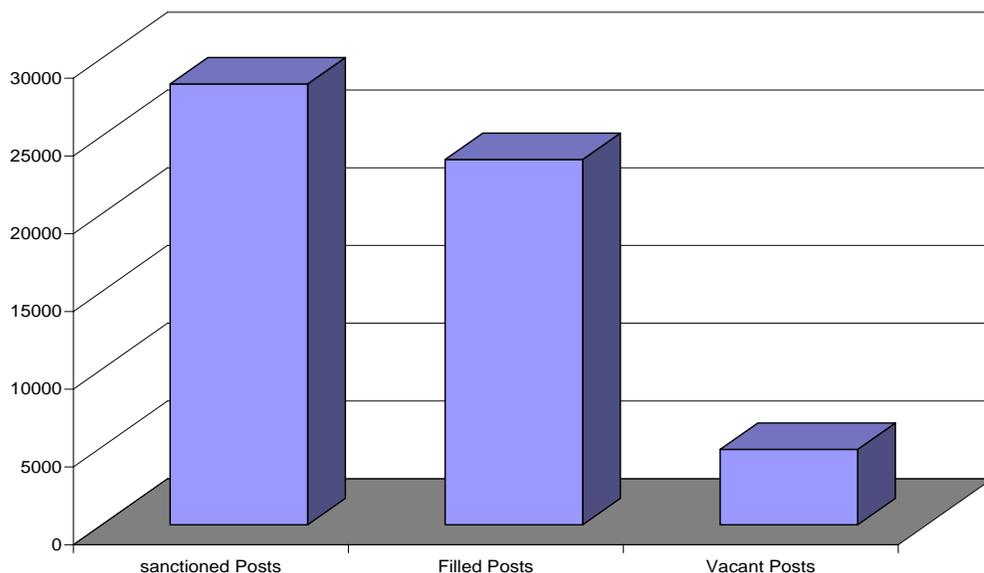
Table 3: Public Sector Schools in District Faisalabad

Level of Schooling	Male	Female	Total
Mosque Schools	135	04	139
Primary Schools	1053	858	1911
Middle Schools	126	300	426
Secondary Schools	198	138	336
Higher Secondary Schools	10	16	26
Total:	1522	1316	2838

The Graph below shows that about 4,858 posts, which amount to 17 percent of total sanctioned strength, are lying vacant in the district. This is a sizable number in view of the fact that even the sanctioned strength is widely believed to be less than the required strength. As a result, in many schools, adequate numbers of teachers are not available. Such a problem is particularly acute in relation to subject specialists and English teachers in almost all types of schools.

v

Staffing Position in Education Sector, City District Faisalabad



2.3. Financing of Education:

In the City District Faisalabad, the public sector education up to the secondary level is predominantly financed through funds provided by the Federal and provincial Governments. Main channel for this financing is the Provincial Finance Commission (PFC) Award, whereby the provincial government distributes funds among the districts falling within its jurisdiction. The City District mobilizes very limited resources on its own. In the 2008-09 budget, the Own Source Revenue (OSR) of the district amounted to only RS 280 millions, which was a meager amount in view of the size of the district and its population.

Under the local government system, the provincial government makes a single line transfer to the district governments, which are fully empowered to decide spending of this amount through voting in the district council. However, as the lion's share of the district government budget is for staff salaries, in practice, the district government can only decide the allocation of a fraction of the budget.

2.4. Quality of Education:

Quality of education is widely perceived as bad in the schools run by the government, although there do exist some notable exceptions. In view of this, a large number of private schools have been opened up to cater to the needs of those who want quality education for their children and who can pay. Initially, such schools mostly existed in the urban areas but now these are also being opened up in rural areas.

The most common problems experienced in the public sector schools include the following:

- Low enrollments;
- High drop-out ratios;
- High failure rates;
- Limited facilities;
- Closed schools;
- Absent teachers; and
- Low levels of learning.

A large number of children, who get enrolled, gradually drop-out in different grades. While this may be partially attributed to some general societal problems like poverty and parents' inability to guide and support their children, the role of school and teachers is also of critical importance. Lacking facilities, adequate teaching staff and motivation, the schools usually fail to properly manage children and keep them and their parents interested in continuing their schooling. As a result, the enrollment gradually drops for each grade up; and it is usually very low in high and higher secondary schools.

3. Budget Making Process for Education Sector in Faisalabad

The budget process for all districts in Punjab, including Faisalabad, is governed by Punjab District Government and Tehsil Municipal Administration Budget Rules 2003. The financial year starts on July 1 and end on June 30 each year. Under these Rules, budget call letters are issued by the EDO Finance and Planning (F&P) in September. All departmental heads are given time until the end of December to submit the first draft of their departmental budget, which should include estimates for both current and development expenditures. Once these have been compiled, the proposed development projects are referred to the District Development Committee for consideration. In the meanwhile, Citizen Community Boards (CCBs) are supposed to develop proposals for development projects for their respective communities. These proposals are submitted to the district government through the relevant Department Heads, which evaluate the technical feasibility of the proposal. In March, the F&P compiles the full departmental budgets, requests justifications for any increase in spending, and obtains approval from the Development Committee for proposed projects. The draft budget is required to be submitted by District Nazim to the council in April. The council is expected to enact the annual budget before the end of June.

In Faisalabad, the City District Government has been making efforts to improve the budget making process. The government has been publishing detailed budget books, which are very well done as compared to most districts of the Punjab. Faisalabad is one the few districts, which have tried to prepare budgets for each educational institution, including primary and middle schools, instead of following the usual practice of making block allocations.

However, while the rules relating to budget process are elaborate and progressive, these are not always implemented in letter and spirit by the district government. Generally, the stakeholders are not effectively consulted; and budget process is not strictly followed within the timeframe outlined in the Rules. Various steps regarding timely completion of feasibilities, seeking public views or presentation of draft budget in the council in April are often ignored or delayed. Budget making process is also not needs based; and continues to be based on incremental model.

District Annual Budget Cycle

July-September:	Consultation with stakeholders and priorities identified by the council.
September:	Budget call letter issued.
	Forms for estimation of receipts and expenditures also issued with call letter.
October:	Guidelines identifying priority areas for CCBs issued by district government
September-February:	Consolidation of estimates of revenue and expenditure.
	Identification of development projects and preparation of project outlines.

December:	CCB project proposals submitted to CCB Official.
March 1st:	All the estimates, development project outlines and CCB proposals submitted to Budget and Development Committee.
March:	Finalization by Budget and Development Committee (including revised estimates for the current year).
	Approval of Annual Development Program by the Budget and Development Committee.
1st April:	Draft budget submitted to council.
April:	Review of draft budget by the council including taxation proposals.
1st May:	Public opinion sought on taxation proposals.
1st June:	Public opinion and government vetting received.
May-June:	Revision and changes by Head of Offices and finalization by the Budget and Development Committee.
June:	Submission of final budget to the Council.
Before 30th June:	Approval of final budget by the Council.
July:	Communication of grants to concerned offices and accounts offices.
	Intimation of project approval or non-approval.
October:	Final Accounts for previous year.

Source: Punjab Government, District Government and TMA Budget Rules 2003, Lahore.

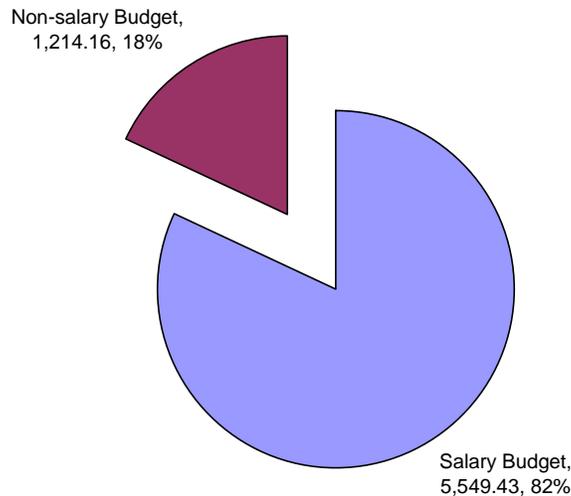
4. Education Budget Analysis

4.1. Budget Overview:

In 2008-09, the total current budget of Faisalabad City District was RS 6763.6 millions. Out of the total, RS 5,549.4 millions were for salary budget and RS 1,214.2 millions for non-salary budget. Hence, the share of non-salary budget was a little over 18 percent in the total current budget of the district.

In 2008-09, out of the total non-development budget of RS 6763.6 millions, the city district government had allocated RS 4219.4 millions for education sector. Thus, the allocation for education sector was 62.6 percent of the total non-development budget. This looks impressive on the face of it but subsequent analysis would show that, in view of the relatively small size of the overall budget, even this high percentage allocation for education sector was not sufficient to meet the needs of the population.

Current Budget of City District Faisalabad 2008-09



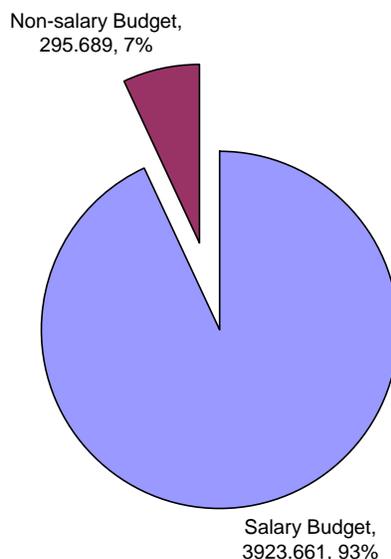
4.2. Salary and Non-Salary Budget:

The education budget of the district consists of two parts; the non-development or recurrent budget and the development budget. Generally, the incremental model is adopted for non-development budgeting whereby expenditures of the previous years are increased by a certain percentage for the next year. This practice of incremental budgeting on the basis of a pre-determined percentage increase over the previous year's allocation is irrespective of the actual needs of the respective facilities or institutions.

The non-development budget of the Education Department is generally not fully utilized due to the large number of vacant posts, lack of understanding of disbursement and procurement procedures, cumbersome audit rules and fear of audit objections. An analysis of the non-development budget for the year 2007-08 shows that the District Education Department was able to spend only 85 percent of the total salary allocation.

Like other sectors, current budget of education sector can be further divided into salary and non-salary budgets. Salary budget includes prospective expenditures on paying basic pay and allowances to employees, whereas the non-salary budget is meant to pay for expenditures under heads like communications, utilities, travel and transportation, and maintenance of buildings, furniture and fixtures. In the 2008-09 budget, out of the total current budget of education sector of RS 4219.4 millions, RS 3923.7 millions were allocated for salaries and remaining RS 295.7 millions for non-salary expenses. For the operating expenses, which constitute a part of non-salary budget, only RS 66.4 millions were allocated in 2008-09.

Current Education Budget of District Faisalabad-2008-09



A comparison of budgets of 3 years from 2006-07 to 2008-09 shows that there have been little increases in allocations of funds for the education sector. In 2007-08, the total current allocation of education sector increased by 24 percent over the previous year; while the increase in 2008-09 was 14 percent. Keeping in view the high inflation rate, this represented a small increase in real terms. It may further be noted that most of the increase was consumed by the yearly increases in staff salaries.

Table : Salary Vs. Non-salary Budget of Education Sector 2006-07 – 2008-09

Year	Total current budget (Million RS)	Salary budget (Million RS)	Non-salary budget (Million RS)	Percentage of non-salary budget in total current budget
2006-7	2971.201	2786.253	184.948	6
2007-8	3694.110	3421.341	272.769	7
2008-9	4219.350	3923.661	295.689	7

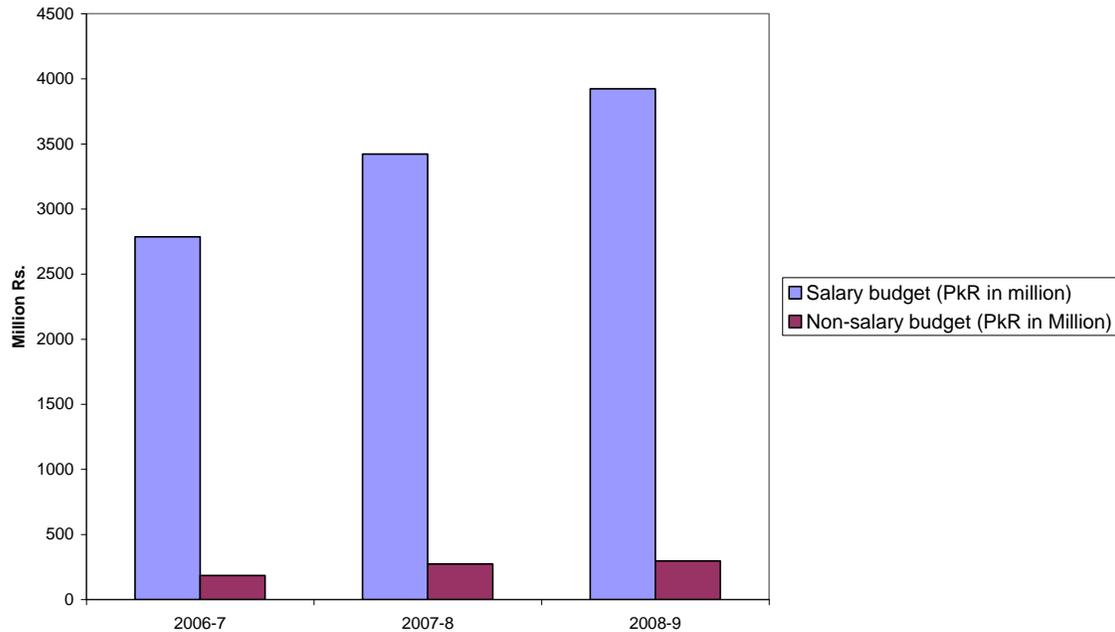
Source: City District Faisalabad Budget, 2008-09

The above table shows that about 93 percent of the current budget is allocated for salary of the staff. The remaining allocation of less than 7 percent is for non-salary budget, which is meant for expenditures under various heads like the following:

- Operating expenses:

- Communications
 - Utilities
 - Travel and transportation
 - Occupancy costs like rents of office buildings
 - General like stationary, printing, newspapers and stores
- Employees' retirement benefits
 - Grants/Subsidies
 - Transfer allowances
 - Purchase of physical assets
 - Repairs and maintenance.

**Non-Development (Current) Education Budget of City District
Faisalabad**



Salary budget is usually allocated against the sanctioned posts in the district. However, since many of the sanctioned posts are lying vacant at any given moment, a certain percentage of salary budgets is not consumed and, as a result, it either lapses or is re-appropriated during the year.

The Table below provides information about the total allocations made for certain sub-heads of operating expenses categories like gas, electricity, water and stationary. It is evident from the Table that, on average, schools get very small amounts for necessary operating expenses. However, it may be noted that these figures present an average for all schools of all types. Therefore, it could be that high schools get relatively better

allocations, while primary or middle schools do not get any. But the point remains that the overall allocations for non-salary heads are inadequate.

Table: Operating expenses in Education Sector - Selected Categories 2008-09

Operating expenses category	Total budget for 2008-09 (RS)	Budget per year per school (RS)	Budget per month per school (RS)
Telephone and trunk calls	4,080,013	1,437	119
Gas	1,493,000	525	44
Electricity	15,806,304	5,568	464
Water	4,581,838	1,614	134
Stationery	7,903,475	2,784	231

Source: City District Faisalabad Budget, 2008-09

The above Table shows that an average amount of RS 119 is at the disposal of schools for telephone expenses. This amount is not sufficient even to cover the monthly line rent of one telephone line. Similarly, electricity budget per school per month is RS 464. This budget is hardly sufficient to run 2 fans for whole month. Even this paltry budget is higher than what the schools actually get, as the total allocations for various types of operating expenses reflected here also include the allocations for education sector administration like the offices of EDO and District Education Officers (DEOs). Knowing that big chunk of these operating expenses is consumed by administration; the actual budget figures for schools are even lower. This would become clearer when we look in detail the budget of some schools.

The Table below presents data about the non-salary allocations of some randomly selected schools in Faisalabad.

Table : Non-salary Budget of Selected Schools

S. No.	School Name	School Type	Employee related Expenses (RS)	Operating expenses (RS)	Physical Assets (RS)	Repair/ Maintenance (RS)
1	GGMMS Chak 240 GB Jaranwala	Primary	457999	0	0	0
2	GGPS Chak 26 GB Satiana	Primary	505892	20500	15000	1000
3	GPS Chak 115 GB I	Primary	597351	0	0	0
4	PRI G. Technical High School, Faisalabad	High	13553894	347374	300000	100000
5	H.M.G.H.S 164 RB, Faisalabad – 74	High	1045720	27500	100000	0
6	PRI G.H.S.S(B)72/GB Jaranwala-2	High	10891769	179609	110000	60000

7	H.M.G.D.P.H.S N. Wala Bangla, Faisalabad	High	2726730	49089	110000	5000
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Source: City District Faisalabad budget, 2008-09

It is evident from the Table above that no uniform criterion is used for making allocations. In two cases, the primary schools have not been allocated any funds for non-salary heads; whereas in one case, the primary school has been allocated RS 20,500 for operating expenses, RS 15,000 for physical assets and RS 1,000 for repair and maintenance.

Furthermore, it may be noted that the operating expenses budget for PRI G.H.S.S (B)72/GB Jaranwala-2 is RS 179,609. Normally, such figures are rounded off but it has not been done in this case. Looking in the detail of operating expenses, one finds out that it is because of the fact that electricity expenses are budgeted exactly as of previous year, i.e. RS 36,179; and no increase in electricity cost or usage has been visualized. Similarly, for H.M.G.D.P.H.S N. Wala Bangla Faisalabad, the operating expenses are RS 49,089. This figure was achieved because communication expenses for the school for last year were 13,089; and these actual figures of the previous year were adopted without keeping in mind the possible fluctuations in prices.

It seems that the repair and maintenance budget is also prepared in an arbitrary manner, and without taking into account the actual needs, as identified by schools themselves.

The school mentioned at S. No. 3 in the above Table presents an interesting case. An amount of RS 597,351 was allocated for employees' related expenses but all 10 posts are vacant in the school at least for the last 2 years. Budget was also allocated to the school in the previous year but was turned to zero in revised estimates made at the end of the year 2007-08. Similar anomalies exist in the budget allocations of many schools. The above-mentioned schools were randomly selected to have some idea about the trends in school budgeting.

It may, however, be noted that, in addition to funds allocated in the district budget, primary and middle schools receive some funding from the provincial government, which is channeled through the school management committees (SMCs). In the district, these funds are managed jointly by the EDO Education and District Monitoring Officer (DMO); while these are utilized by the SMCs. Through this mechanism, each primary school gets a grant in aid of RS 25,000 for a year; whereas a middle school gets RS 50,000 per year. Since the non-salary allocations in the district budget Faisalabad is only around 7 percent of the total education budget, schools have to significantly depend on the funds provided through SMCs for non-salary expenditures. These allocations too are meager, as these amount to only little over RS 2000 per month for primary schools and RS 4000 per month for middle schools.

As for as the school management councils related to high schools are concerned, no additional funds are provided to them by the provincial government. However, these

councils have been authorized to manage the Faroogh-e-Taaleem Fund, which is sustained through monthly contributions by students.z

5. Development Budget

Development budget is meant for new projects or up-gradation and expansion of existing facilities. In the year 2008-09, the City District Government included 98 education sector related development projects with a total estimated cost of RS 75.9 millions. This means that the average estimated cost of each project was about RS 0.74 millions. However, for the year 2008-09, RS 60.7 millions were allocated for the development projects; and the remaining amount was planned to be allocated in subsequent years.

The Annual Development Program of 2008-09 included only 3 new development projects related to building of new institutions, as all others, whether ongoing or new projects, were meant for up-gradation or extension of missing facilities. Out of these 3 projects, only one project was to start in 2008-09; while the remaining two projects were on-going. The projects regarding building of new institutions and their budget allocations are presented in the Table below:

Table : New Development Projects in the Education Sector 2008-09

S. No.	Project	Total cost of the project (RS Million)	Amount Already Spent in Previous Years	Budget Allocation for year 2008-09 (RS Million)
1	Construction of Institute of Learning premises of EDO (Education) Faisalabad.	17.700	0	17.700
2	Establishment of Govt. Girls Degree College at Chak Jhumra.	17.633	15.077	1.253
3	Establishment of Boys College at Chak Jhumra.	18.590	15.967	0.733

Source: Annual Development Plan, City district Government, Faisalabad, 2008-09

It is not understandable as to why only a small amount of RS 1.253 million was allocated for the establishment of Govt. Girls Degree College at Chak Jhumra. The total estimated cost of the project is RS 17.633 as mentioned above; and an amount of RS 15.077 has already been spent in the previous years. Given that the balance amount of RS 2.556 million was required for completion of the project, the allocation of only RS 1.253 is inexplicable. Unfortunately, this is a usual practice in district budget allocations, as the district authorities try to inflate the number of development projects, while causing long delays in the completion of ongoing projects. Such delays usually result in increases in the initial estimated cost of the projects.

In 2008-09, out of the 98 projects for the education sector included in the Annual Development Programme, funds were allocated only for 65 projects. Whereas, 33⁵ ongoing projects, on which some work had already been performed, were not allocated any funds. This suggests that there exist significant inefficiencies, which result in the waste of tax-payers money and long delays in the implementation of projects already approved and started. Following table provides some interesting understanding regarding the development plan of education department of the district:

Table: Highlights of Development Budget in Education Sector - 2008-09

Subject	Amount (RS Million)
Total number of development projects	98
Started in previous years (on going projects)	37
On-going projects that will not get money in year 2008-09	33
Amount required to complete previous/on-going projects	22.742
Amount allocated to on-going projects	2.31
New projects started in year 2008-09	61
Budget allocation to new projects starting in year 2008-09	58.347
Projects that were to start and complete in 2008-09	54

Source: Annual Development Plan, City district Government, Faisalabad, 2008-09

6. Major Issues, Concerns and Recommendations

Major issues and concerns in relation to the education budget of City District Faisalabad and relevant recommendations are presented as below:

- Total number of sanctioned posts in education department in city district Faisalabad is 28,351. This number includes both teachers and support staff. Out of the total, 4,858 posts (i.e. 17 percent) are lying vacant. The vacancies include more than 3,000 teaching staff positions. These posts need to be filled immediately to ensure that schools have adequate staff for performing their responsibilities.
- Even though education has become a devolved subject for which responsibility has been assigned to the district level, the district has little autonomy over recruiting new staff or rationalizing the staff requirements according to changing needs. It is felt that district authorities should be given more powers for this kind of decision making, so that district government could perform its responsibilities more efficiently.
- The City District Government does not follow the practice of needs based budgeting in education sector. The budget for non-salary items is distributed on the basis of number of classrooms. However, these provisions are made only for

⁵ There are 37 ongoing projects out of which budget have been allocated to only 4 projects. For the remaining 33 ongoing project no budget has been allocated. See Annual Development Program of City District Faisalabad, 2008-09

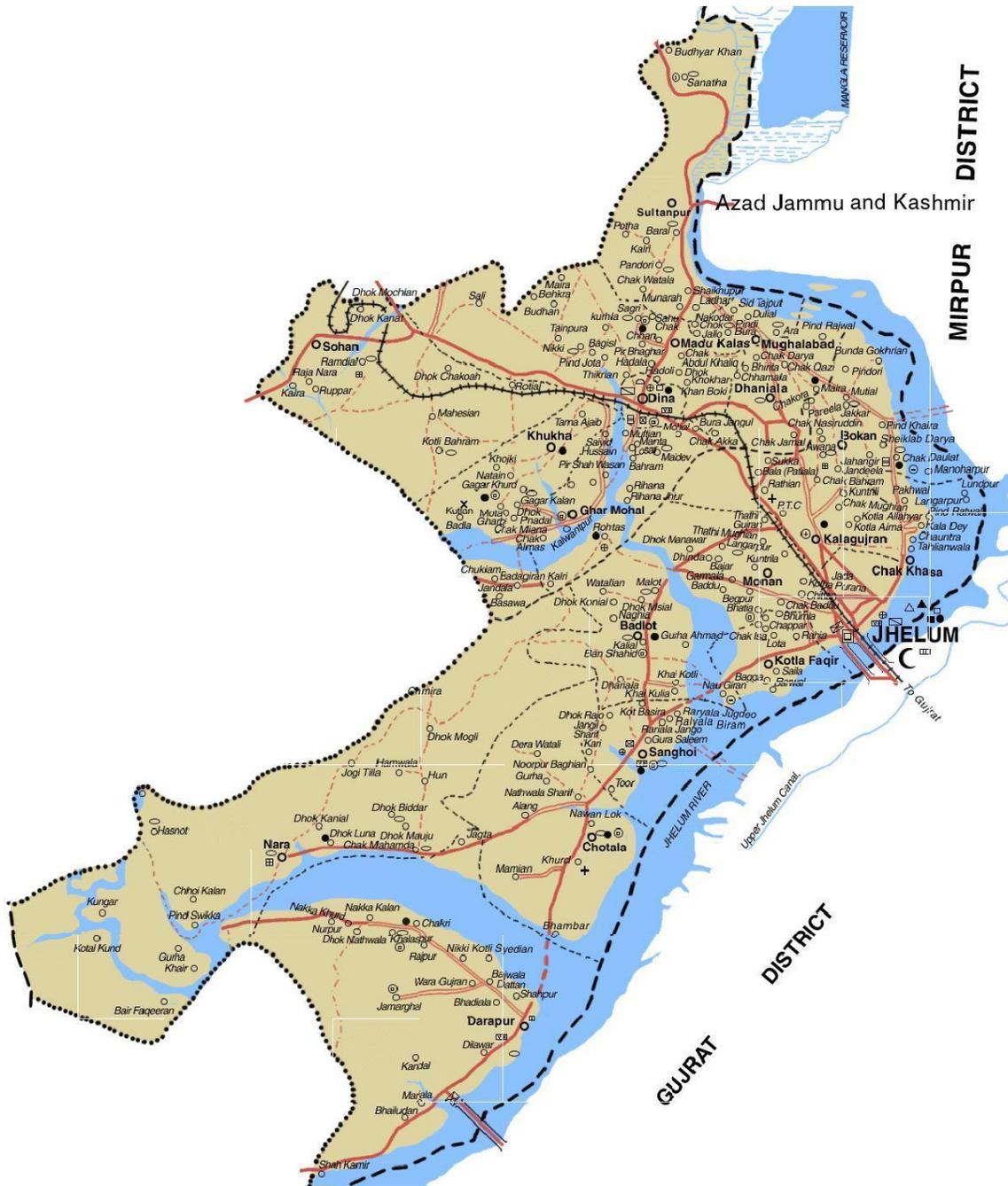
buildings owned by the government and leave out the shelter-less schools, which are about 15 percent of the total schools. In order to deal with this situation, it is recommended that Education Department should initiate needs based budgeting at school level to make the budget allocations more realistic and responsive to actual needs.

- The ad-hoc nature of education planning is most visible in budgeting of development sector. There is a tendency of ignoring ongoing development projects and initiating new projects. This tantamount to wasting the money that has been spent on ongoing projects in previous years. As little money is available for development projects, it should be utilized rationally and based on proper planning.
- The non-salary allocations need to be significantly increased so that schools could meet the needs relating to their operating expenses. Simultaneously, efforts should be made to improve procedures and human resource capacities in order to ensure that schools can efficiently access and utilize funds allocated for operating expenses.
- Funds provided to SMCs by the provincial government are not based on any assessment of needs of related schools. Therefore, the mechanism of providing such grants in aid needs to be improved and made needs-based. There is also a need to improve the capacity of SMCs for utilizing such transfers in a transparent and judicious manner.
- The budgetary allocations should be linked with performance of relevant institutions. Such Performance Based Budgeting with a well defined monitoring policy can help improve the quality of education.
- All stakeholders, including the students and communities, should be consulted in the process of identifying budgetary needs of school. This can happen at the time when schools are required to submit their requirements in response to the Budget Call Letter.
- The Budget Calendar, as provided in the Rules, should be strictly followed to ensure efficiency and public participation in the process.
- The budget making process needs to be made gender sensitive in order to ensure adequate provisions for the existing girls' schools as well as to bridge the gap that exists in the number of educational institutions for males and females in the district.

District Jhelum

1. Profile of the District

District Jehlum is situated in the North-East of the province of the Punjab in Pakistan. It spreads over both sides of the Grand Trunk (GT) Road. It is bounded in the North by Rawalpindi District, in the South by Mandi Baha-ud-Din, Gujrat and Sargodha, in the East by Azad Jammu and Kashmir and in the West by Chakwal & Khushab from which it is separated by the mountain range called the Kohistan-e-Namak.



According to the 1998 census, the total population of district Jhelum was 936957, with a population density of 261 per square kilometer. The urban-rural divide of the population is as under:

Table 1: Rural and Urban Population of Jhelum District

Year	Urban	Rural	Total
1998	252978	683979	936957
2009	297810	805190	1103000

Source: Population Census Organization, Government of Pakistan; www.statpak.gov.pk

According to estimates, the population of District Jhelum in year 2009 is 1,103,000 which shows a 15 percent increase from the base year of 1998. The urban population is about 27 percent of the total population.

According to the Punjab Education Department's annual literacy statistics for 2006, Jhelum had a literacy rate of 74 percent which is the highest in the Punjab province. Education department of the district claims that literacy rate for population under 15 years of age is as high as 90 percent.

2. Education Sector in Jhelum

2.1. Overall Responsibility and Management:

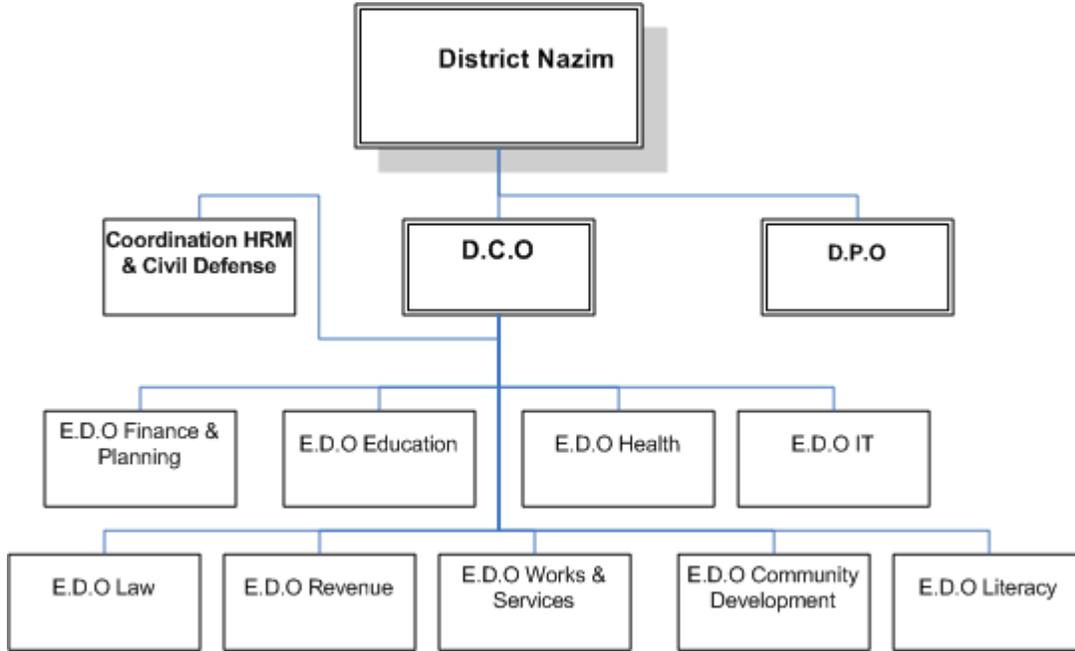
Under the Punjab Local Government Ordinance 2001, the responsibility and management of primary and secondary education has been devolved to the districts. Each district is responsible for day to day management as well as development planning for the education sector.

The administration in the Jhelum district is headed by the District Nazim, who is elected by the people through their directly elected representatives. The district management system is headed by the Nazim, whereas the District Coordination Officer (DCO) serves as the head of administration. In Jhelum, Executive District Officer (EDO) Education and EDO Literacy are responsible for matters related to education and literacy in the district.

The EDO/ E and EDO/ L report to District Coordination Officer (DCO). Under EDO/E, a number of district and deputy district officers work, who look after different tiers of education e.g. primary, middle and high education.

While administration and management is the responsibility of district government, the district council has the authority to approve development plans and the annual budget of the district. The district council can also setup monitoring committees for various sectors, including for education, to oversee the performance of the district government. However, until now, the role of the district council has been relatively weak in terms of exercising oversight and accountability. It is due to the overall democratic culture that puts little emphasis on accountability and the limited role of civil society and media in terms of tracking annual development plans and budgets.

Organogram



2.2. Educational Facilities:

As in other districts, Jhelum has a network of both public and private schools. The number of schools for boys and girls are almost equal. There are a total of 502 government boys' schools and 515 government girls' schools in Jhelum. In these 1071 schools, 161726 students are enrolled. The average enrolment per school is 159 students. However, enrolment per school is high in case of High Schools (i.e. 562 students per school) because most of the high schools have 10 classes; and low in case of primary schools (i.e. 83 students per school).

Table 2: Boys and Girls Schools in District Jhelum

S. No.	Category of School	Male	Female	Total	Enrolment
1	Higher Secondary Schools	5	6	11	14364
2	High school	55	43	98	55084
3	High Schools (MC)	0	01	01	436
4	Elementary school	61	68	129	26407
5	Primary schools	377	376	753	62353
6	Community model school	0	15	15	1831
7	Primary schools (MC)	04	06	10	1251
Grand Total		502	515	1017	161726

Source: Office of Executive District Officer/ Education, District Jhelum.

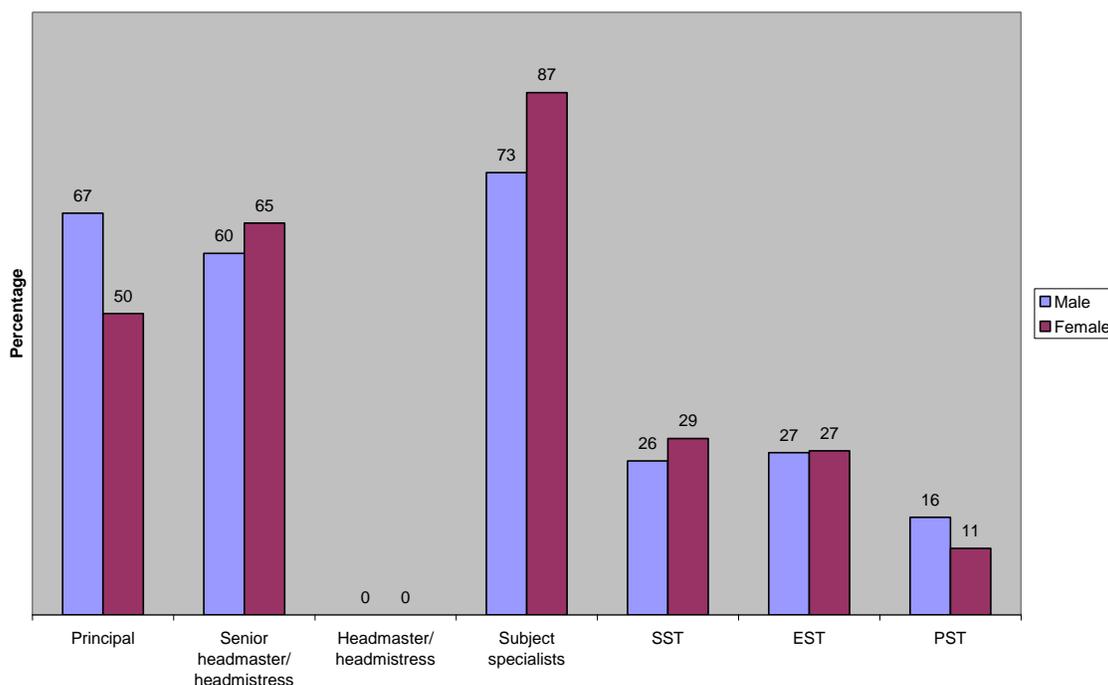
For 1017 schools, there is a sanctioned strength of 6375 teachers in different categories of schools. However, more than one-fifth of these posts are lying vacant. The sanctioned strength of male teachers is 3552 but according to the figures collected from the office of EDO/E Jhelum, 817 (23 percent) posts are vacant. Similarly, out of 2823 sanctioned posts of female teachers, 561 (20 percent) are vacant. Looking at the graph below, one cannot ignore the tall bar of subject specialists signifying that 73 percent and 87 percent posts respectively for male and female teachers are vacant. This absence of subject specialists from school has a significant impact on quality of education and quality of product that our public schools are producing.

Total 3: Number of Sanctioned and Vacant Posts

S. No.	Name of Post	Total No. of sanctioned posts			Total No. of vacant posts		
		M	F	Total	M	F	Total
1	Principal	9	4	13	6	2	8
2	Senior headmaster/ headmistress	35	20	55	21	13	34
3	Headmaster/ headmistress	17	18	35	0	0	0
4	Subject specialists	109	60	169	80	52	132
5	SST	427	294	721	109	86	195
6	EST	1145	867	2012	308	236	544
7	PST	1810	1560	3370	293	172	465
Grand Total		3552	2823	6375	817	561	1378

Source: Office of Executive District Officer/ Education, District Jhelum

Percentage of Vacant Posts in Education Department Jhelum (2009-10)



Apart from these public sector schools, district Jhelum has a well-knitted private schools system at primary, middle and secondary levels. Following table shows the state of private schools in district Jhelum:

Table 4: Private Schools in District Jhelum

Schools	Boys	Girls	Combined	Total
Primary	2	4	249	255
Middle	2	0	71	73
Secondary	5	1	69	75
Total	9	5	389	403

Source: Census of Private Educational Institutions in Pakistan; 1999-2000,
<http://www.statpak.gov.pk/depts/fbs/publications/yearbook2008/yearbook2008.html>

In Jhelum, about 57,000 children are enrolled in private schools including over 26,000 girls. The figures for private educational enrolment in Jhelum are as under:

Table 5: Enrolment in Private Schools in District Jhelum

Schools	Boys	Girls	Total
Primary	26302	21117	47419
Middle	3735	3578	7313
Secondary	1232	1653	2885

Source: Census of Private Educational Institutions in Pakistan; 1999-2000,
<http://www.statpak.gov.pk/depts/fbs/publications/yearbook2008/yearbook2008.html>

According to a Census of Private Educational Institutions in Pakistan in 1999-2000, there were 2980 teachers providing services in private education institutions of district Jhelum. In primary schools there are 1103 female teachers against 180 male teachers. The percentage of female teachers in primary schools is 86. This percentage is 84 and 81 in case of middle and high schools. This clearly shows that females dominate in private schools as teachers where generally there is a system of co-education.

Table 6: Number of Teachers in Private Schools in District Jhelum

Schools	Male Teachers	Female Teachers	Total
Primary	180	1103	1283
Middle	106	550	656
Secondary	199	842	1041
Total	485	2495	2580

Source: Census of Private Educational Institutions in Pakistan; 1999-2000,
<http://www.statpak.gov.pk/depts/fbs/publications/yearbook2008/yearbook2008.html>

The school to teacher ratio for primary school is 5. This ratio changes to 9 and 13 respectively for middle and primary schools.

Table 7: School to Teachers and Student to Teacher Ratio in Private Schools

Schools	School to Teachers ratio	Student to School ratio	Student to Teacher ratio
Primary	5	186	37
Middle	9	100	11
Secondary	13	34	3

Source: Census of Private Educational Institutions in Pakistan; 1999-2000,
<http://www.statpak.gov.pk/depts/fbs/publications/yearbook2008/yearbook2008.html>

2.3. Financing of Education:

In Jhelum, as in other districts, the public sector education up to the secondary level is predominantly financed through funds provided by the Federal and provincial Governments. Main channel for this financing is the Provincial Finance Commission (PFC) Award, whereby the provincial government distributes funds among the districts falling within its jurisdiction. District Jhelum has little room and capacity to mobilize resources on its own. In the 2007-08 budget, for instance, the Own Source Revenue (OSR) of the district amounted to only RS 26.3 millions, out of the total annual estimated receipts of RS 2444.2 millions. Hence, the OSR share in the total district budget was only 1.1 percent. There has been little improvement since then in the performance of the district government on this count.

2.4. Quality of Education:

It is widely believed that, over the years, the quality of education in the public sector educational institutions has deteriorated. As a result, a large number of private schools have been opened up to cater to the needs of those who want quality education for their

children and who can pay. Initially, such schools mostly existed in the urban areas but now these are also being opened up in rural areas.

The most common problems experienced in the public sector schools include the following:

- Low enrolments;
- High drop-out ratios;
- High failure rates;
- Limited facilities;
- Closed schools;
- Absent or non-motivated teachers; and
- Low levels of learning.

A large number of children, who get enrolled, gradually drop-out in different grades. While this may be partially attributed to some general societal problems like poverty and parents' inability to guide and support their children, the role of school and teachers is also of critical importance. Lacking facilities, adequate teaching staff and motivation, the schools usually fail to properly manage children and keep them and their parents interested in continuing their schooling. As a result, the enrolment gradually drops for each grade up; and it is usually very low in high and higher secondary schools.

3. Budget Making Process for Education Sector in Jhelum

The budget process for all districts in Punjab, including Jhelum, is governed by Punjab District Government and Tehsil Municipal Administration Budget Rules 2003. The financial year starts on July 1 and end on June 30 each year. Under these Rules, budget call letters are issued by the EDO Finance and Planning (F&P) in September. All departmental heads are given time until the end of December to submit the first draft of their departmental budget, which should include estimates for both current and development expenditures. Once these have been compiled, the proposed development projects are referred to the District Development Committee for consideration. In the meanwhile, Citizen Community Boards (CCBs) are supposed to develop proposals for development projects for their respective communities. These proposals are submitted to the district government through the relevant Department Heads, which evaluate the technical feasibility of the proposal. In March, the F&P compiles the full departmental budgets, requests justifications for any increase in spending, and obtains approval from the Development Committee for proposed projects. The draft budget is required to be submitted by District Nazim to the council in April. The council is expected to enact the annual budget before the end of June.

While the rules relating to budget process are elaborate and progressive, these have never been implemented in letter and spirit by the district government in Jhelum. It has never consulted stakeholders, despite that it is a requirement under the related Budget Rules 2003. Nor has the district government ever presented the draft annual budget in the District Council. In short, the budget process is not strictly followed within the timeframe

outlined in the Rules. Such problems are partly due to limited capacity of councillors and civil society for tracking and analyzing annual budgets, and participating in the budget making and implementation processes. Without such a capacity, the democratic oversight through the elected leaders, media and civil society is hard to be ensured in districts like Jhelum.

The Table below describes the Budget Cycle as provided in the Punjab District Government and Tehsil Municipal Administration Budget Rules 2003.

District Annual Budget Cycle

July-September:	Consultation with stakeholders and priorities identified by the council.
September:	Budget call letter issued.
	Forms for estimation of receipts and expenditures also issued with call letter.
October:	Guidelines identifying priority areas for CCBs issued by district government
September-February:	Consolidation of estimates of revenue and expenditure.
	Identification of development projects and preparation of project outlines.
December:	CCB project proposals submitted to CCB Official.
March 1st:	All the estimates, development project outlines and CCB proposals submitted to Budget and Development Committee.
March:	Finalization by Budget and Development Committee (including revised estimates for the current year).
	Approval of Annual Development Program by the Budget and Development Committee.
1st April:	Draft budget submitted to council.
April:	Review of draft budget by the council including taxation proposals.
1st May:	Public opinion sought on taxation proposals.
1st June:	Public opinion and government vetting received.
May-June:	Revision and changes by Head of Offices and finalization by the Budget and Development Committee.
June:	Submission of final budget to the Council.
Before 30th June:	Approval of final budget by the Council.
July:	Communication of grants to concerned offices and accounts offices.
	Intimation of project approval or non-approval.
October:	Final Accounts for previous year.

Source: Punjab Government, *District Government and TMA Budget Rules 2003*, Lahore.

4. Education Budget Analysis

4.1. Budget Overview:

In 2009-10, the total education budget of the district was RS 1337 million, as against the original allocation of RS 1122 million in 2008-09. Hence, there was a 19 percent increase in the budget. However, it may be noted that, in 2008-09, the original allocation of RS 1122 million had later been revised down to RS 1065 million. This may happen again in 2009-10; as such revisions are frequently made.

In 2007-08, the total district education budget was only RS 1011 million, which means that the budget has increased by about 24 percent over these years. This amounts to about 10 percent per year increase on average, which is very low when the impact of high inflation in the country in these years is accounted for.

Table 8: Current Budget in Education Sector in District Jhelum

In Million RS

Year	Budget	Increase	Percentage increase from previous year
2007-8	1011	-	-
2008-9	1065	54	5
2009-10	1337	272	25.5

Source: Office of EDO/ F District Government Budget, Various Years

In 2008-09, the increase in the current budget allocation for education was only 5 percent in nominal terms. This was actually a decrease in real terms, as the inflation rate far exceeded the nominal increase of 5 percent. The 25 percent increase in the budget in 2009-10 is in relation to the revised budget of 2008-09, which was lesser than the original allocation in 2008-09. This shows some real increase but only if no subsequent downward revisions were made during the year. The Table below shows that such downward revisions are common in relation to education sector.

Table 9: Original Budget Estimates and Revised Budget Estimates

In Million RS

Year	Original Budget	Revised Estimates	Decrease/increase	Percentage decrease/increase
2007-8	1046	1011	(-)35	(-)3
2008-9	1122	1065	(-)57	(-)5
2009-10	1337			

Source: District Government Budgets 2007-10.

In per capita terms, district Jhelum has made an allocation of RS 1212 for each person in 2009-10. This means a paltry amount of RS 101 per capita per month is being spent by district government in education sector. If we compare it with enrollment, district government is spending RS 8267 per student/ year and RS 688 per student per month in the year 2009-10, provided that the full amount of RS 1337 million is spent during the current fiscal year.

4.2. Salary Budget:

The salary component of the district budget for Elementary and Secondary Education Department constitutes the biggest chunk of financial allocation for the department. From an allocation of RS 1116 million in the year 2008-09, it has risen to the figure of RS 1330 million in the year 2009-10 showing an increase of 13 percent.

Table 10: Salary Budget as Percentage of Current Budget In Million RS

Year	Current budget	Salary budget	%age of salary budget in current budget
2008-9	1122	1116	99.47
2009-10	1337	1329	99.40

It may be mentioned here that Education Department is the largest among the devolved departments to the district. In this department, the number of sanctioned posts is 8745. Amongst these teaching staff consists of 6375 personnel. The remaining 2370 personnel either belong to support staff or general administration. The percentage of general and support staff in education department is 27, which is very high.

It may further be noted that about 1378 seats are vacant in education department of district Jhelum. This has been the practice in many departments to calculate initial budget estimates taking all the sanctioned posts. By the end of the year, less than budgeted amounts are consumed due to non-utilization of these funds as vacant posts are not filled on priority basis.

4.3. Non-Salary Budget:

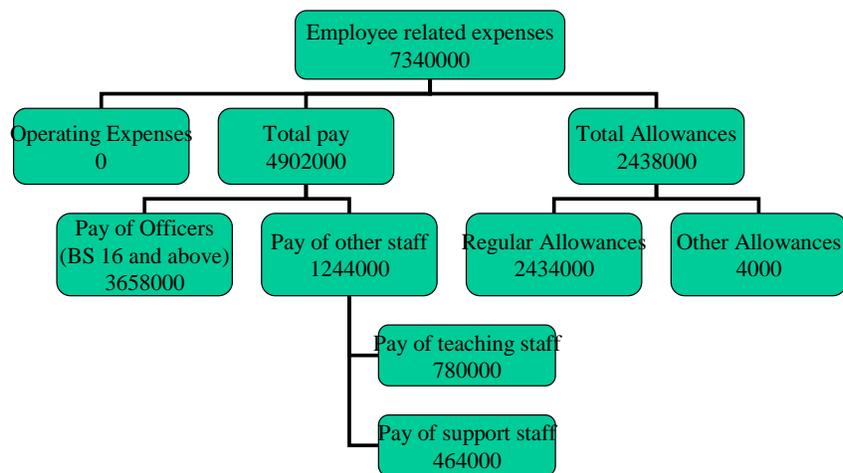
A close look at the at the education budget of district government Jhelum shows that salary budget is around 99.5 percent of the total current budget of education department. Only 0.5 percent of current education budget is allocated to non-salary expenditures. These non-salary allocations are meant for meeting the costs of utilities, communications, traveling and maintenance of the buildings. Given that the total number of schools in district Jhelum is 1017 and the district government allocates only RS 4863000 for non-salary heads, each school can get on average about RS 4781 per school. This means that only RS 398 per month are at the disposal of each school on average for operational costs of the school. If we deduct the operational budget allocated to EDO/E and its subordinate offices, this per month allocation for schools would be even lower. This situation partly explains the dilapidated condition of our public sector schools where no water is available for drinking, no electricity is available for running the fans and no furniture or other facilities can be maintained. The school administration either has to compromise with these facts or impose some charges on the students for the upkeep of these facilities.

The budget analysis for the year 2009-10 has also brought forth even more disturbing trends. In particular, the 0.5 percent allocation for non-salary budget rarely reaches schools. In the case of primary and middle schools, this amount is placed at the disposal

of administrative offices; and schools find it extremely difficult to access these funds for their day-to-day operating expenses.

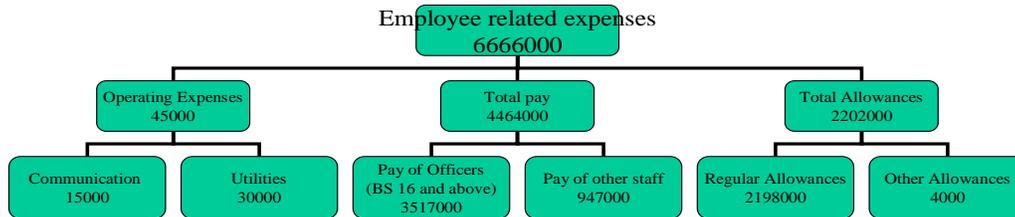
Even high schools are not allocated budget for non-salary heads. Consider, for instance, the budget allocation of Government Comprehensive High School, Jhelum. Total budget allocation for school for the year 2009-10 is RS 7340000. Out of this amount, not a single penny is allocated to the operating expenses. In year 2008-9, an amount of RS 45000 was allocated under the head of operating expenses. Further bifurcation of RS 45000 included RS 30000 as utilities charges and RS 15000 as communication expenses. Even this meager amount has been withdrawn form school budget in the current year. How school will bear these expenses? This has not been mentioned in the budget document. This is not the only example in school budgets of district Jhelum. Such omissions are omnipresent in budget allocations of all schools.

Budget Allocations for Govt. Comp. High School, Jhelum-2009-10 (figure are in PKR)



Budget Allocations for Govt. Comp. High School, Jhelum-2008-9

(figure are in PKR)



However, it may be noted that, in addition to funds allocated in the district budget, primary and middle schools receive some funding from the provincial government, which is channeled through the school management committees (SMCs). In the district, these funds are managed jointly by the EDO Education and District Monitoring Officer (DMO); while these are utilized by the SMCs. Through this mechanism, each primary school gets a grant in aid of RS 25,000 for a year; whereas a middle school gets RS 50,000 per year. Since the non-salary allocations in the district budget Jhelum is only 0.5 percent of the total education budget, schools have to almost solely depend on the funds provided through SMCs for non-salary expenditures. These allocations too are meager, as these amount to only little over RS 2000 per month for primary schools and RS 4000 per month for middle schools.

As for as the school management councils related to high schools are concerned, no additional funds are provided to them by the provincial government. However, these councils have been authorized to manage the Farough-e-Taaleem Fund, which is sustained through monthly contributions by students.

5. Development Budget

As the future of local government system is being hotly debated, development schemes of the district have become the major victims of this uncertainty. This is impacting the education sector as well, like all other sectors within the jurisdiction of the district. The development budget for the year 2009-10 has not been presented in the district council till the writing of this report. When asked, EDO/ Finance & Planning told that development budget has been sent to the Local Government Department of the Punjab Government for approval on the instruction of the Punjab government. The approval is yet awaited.

However, even a cursory glance on the development budgets of the previous years can give a fair idea of the development schemes in education sector in district Jhelum. Broadly, there are 2 different kinds of development programs in education sector- one implemented by district government through its own Annual Development Program (ADP); and the other program is implemented through grants received from the provincial government.

Following table shows the development schemes in education sector for the year 2008-09.

Table 11: District ADP 2008-09 - Education Sector

In Million RS

S. No.	Development Schemes in EDUCATION Sector-2008-9	Total Cost	Expenditure up to 30.6.2008	Allocation for 2008-9
1	Const./Raising of B/Wall, Gate and Gate Pillars and Restoration of TMA Building for GGHS No.2 Jhelum	0.537	0.308	0.229
2	Construction of Boundary Wall GGHS, Kala Gujran, Tehsil Jhelum	0.927	0.010	0.917
3	Construction of Boundary Wall MC Girls Primary School, Machine Mohallah, Tehsil Jhelum	0.684	0.336	0.348
4	Construction of 4 Classrooms in GGES, Khalas Pur, Tehsil Jhelum	1.836	0.010	1.826
5	Construction of 4 Classrooms in GGES, Nagial, Tehsil Sohawa	1.836	0.010	1.826
6	Construction of Boundary Wall and Earth Filling in GBES, Pinanwal, Tehsil PD Khan	1.873	1.000	0.873
Total Education:		7.693	1.674	6.019

Source: District Government, Annual Development Plan 2008-09, Jhelum.

The total allocation for development program in education sector for the year 2008-09 was RS 6.019 million. This amount was allocated to 6 different schemes related to building boundary walls or additional class rooms. No new school was planned to be build during the year; nor was there any allocation for up-grading any school.

The above Table also shows that, although the size of development scheme is small, these are planned over a period 2 or 3 years. It is despite the fact that each of these schemes could be easily completed within a year. This is largely due to local politics whereby local political leaders insist on inclusion of schemes for their areas and, since the overall funding is limited, more development schemes are approved but with small allocations spread over several years. Moreover, it is because the higher number of development schemes makes the district budget document look healthy.

The ADP of district Jhelum for the year 2008-9 is also a gauge to measure the commitment of local people and district government in education sector. There were 16 CCB projects on board in the year 2008-09. Not a single penny was allocated to any education related project. The general preference was health, irrigation and roads.

In addition to the ADP of district government, development projects are also implemented through additional provincial grants. In the year 2008-9, following grants were committed by the provincial government:

Table 12: Provincial Grants in Education Sector in District Jhelum-2008-09 In Million RS

S. No.	Development Schemes in EDUCATION Sector-2008-9	Total Cost	Expenditure up to 30.6.2008	Allocation for 2008-9
1	Education Sector Reform (ESR)	64.151	30.812	17.470
2	Up gradation of schools	72.5	0	72.5
3	Construction of library rooms in 38 elementary schools	9.006	0	9.006
4	Punjab Education Sector Reform Program (I, II, III, IV)	428.378	276.319	152.059
	Total	468.196	307.131	251.035

Source: District Government, Annual Development Plan 2008-09, Jhelum.

The above Table shows that the provincial government allocated RS 251 million for development projects in 2008-09 in Jhelum. These projects included up-gradation of existing schools and education sector reform (ESR). Here too, the projects had been planned over several years, despite the size of the projects not being too large.

The total development budget meant for the district, including the grants provided by the provincial government, amounted to RS 257.054 million. In this total amount in 2008-09, the share of the district government was only 2.4 percent. This shows that the districts have limited resources available to plan and implement development projects on their own, as they need additional grants from the provincial government.

6. Major Issues, Concerns and Recommendations

The major issues and concerns related to the education sector and its budget in Jhelum district are as follows:

- The education budget for the year 2009-10 is showing a disturbing trend whereby no budget for operating expenses has been allocated for schools. The trend is disbursing in the sense that ultimately students and parents have to bear the brunt of these charges. When adequate allocations for essential needs of schools are not made, the school administration is left with no option but to ask students to contribute. It is, therefore, important that the annual budget is needs-based and provides for all necessary expenditures for delivery of quality education.
- The development portion of the education budget is very low and it is not possible for the district government to start new projects with this small amount. There is a need to revisit the educational requirements of district Jhelum and set new priorities in education sector. It is obvious that much more resources are required for smooth running of the education system and district government has to think seriously to increase allocation of resources to education sector.
- More than 25 percent of sanctioned posts are lying vacant in teaching cadre in district Jhelum. To improve the quality of education and increase the retaining powers of the schools, it is imperative to fill the vacant seats immediately. In the absence of proper teaching strength in the schools, mere enrolment campaigns will not bear the desired fruits.
- The overall budget for the education sector in the district needs to be increased. This would, however, be only possible if, on the one hand, the resources allocated through the PFC Award witness significant increase and, on the other hand, the districts improve their own resource generation capacity and efforts.
- Funds provided to SMCs by the provincial government are not based on any assessment of needs of related schools. Therefore, the mechanism of providing such grants in aid needs to be improved and made needs-based. There is also a need to improve the capacity of SMCs for utilizing such transfers in a transparent and judicious manner.
- All stakeholders, including the students and communities, should be consulted in the process of identifying priorities and budgetary needs of school. This can happen at the time when schools are required to submit their requirements in response to the Budget Call Letter.
- The Budget Calendar, as provided in the Rules, should be strictly followed to ensure efficiency and public participation in the process.
- The budget making process needs to be made gender sensitive in order to ensure adequate provisions for the existing girls' schools. This would help in improving the efficiency of girls' schools by enabling them to overcome the additional constraints related to, for instance, travel.

City District Multan

1. Profile of the District

Multan is a district, which is located in the southern part of the Punjab Province of Pakistan. It is situated on the east bank of the Chenab River and, geographically, more or the less in the centre of the country. Multan is one of the oldest city in South Asia. It is bounded on the east by Lodhran and Khanewal districts, on the north by Khanewal district, on the south by Bahawalpur district and on the west by Muzaffargarh district.

The district is spread over an area of 3,721 square kilometers. In 2005, it was reorganised as a City-District, which now consists of 6 towns. These towns are as follows:

1. Boson Town
2. Shah Rukan-e-Alam Town
3. Mumtazabad Town
4. Shershah Town
5. Shujabad Town
6. Jalalpur Town

According to 1998 census, Multan district had a population of over 3.8 million. In 1951, the total population of Multan district was 0.7 million, which is estimated to have increased to about 5 million by 2009. In terms of population, Multan city is the sixth largest in Pakistan.

Table 1: Population and Percentage Increase since 1951 (In Millions)

	1951	1961	1972	1981	1998	2009 (Estimated)
Population	0.725	0.984	1.506	1.970	3.117	5.00
Average annual growth rate	-	3.1	3.7	3.2	2.7	-

Source: Population Census Organization, Government of Pakistan, District Census Report of Multan, 1999.

In 1998, as per the census data, 42.2 percent of the total population of Multan lived in urban areas. At that time Multan district included one Municipal Corporation, one Municipal Committee, one Cantonment and three Town Committees. In view of the broader trend of rural-urban migration, it is expected that the urban population would have further increased by 2009.

According to 1998 census, the overall literacy rate of the district was 43.4 percent. In the case of women, it was 32.3 percent and, for males, it was 53.3 percent. The overall literacy rate had nearly doubled since 1981 census, when it had been reported at only 23.5 percent. In the case of women, the literacy rate had increased from 12.9 percent in 1981 to 32.3 percent in 1998.

The 1998 census had shown a significant rural-urban difference in terms of literacy rates. In 1998, only 29.5 percent people in the rural areas were literate, as against 60.9 percent in urban areas. In terms of gender, only 16.2 percent women were literate in rural areas;

whereas the literacy rate of women in urban areas was 53.2 percent. In the years between 1981 and 1998, the literacy rate of rural women had increased from 6.2 percent to just 16.2 percent; whereas in the case of rural males, it increased from 25.8 percent 41.6 percent.

Table 2: Literacy Ratio by Sex and Rural / Urban Areas – 1981 and 1998

Area	1981			1998		
	Both Sexes	Male	Female	Both Sexes	Male	Female
All Areas	23.5	32.6	12.9	43.4	53.3	32.3
Rural	16.7	25.8	6.2	29.5	41.6	16.2
Urban	41.3	50.3	30.7	60.9	67.5	53.2

Source: Population Census Organization, Government of Pakistan, District Census Report of Multan, 1999.

By 2009, the literacy rate in district Multan may have increased but reliable statistics are not available.

2. Education Sector in Multan

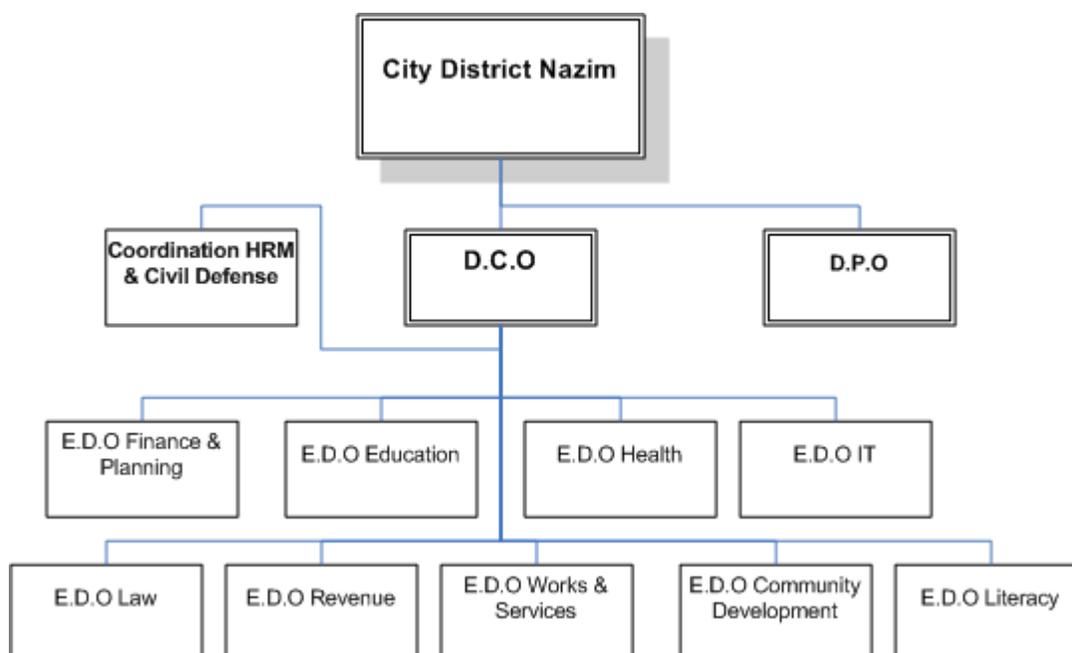
2.1. Overall Responsibility and Management:

Under the Punjab Local Government Ordinance 2001, the responsibility and management of primary and secondary education has been devolved to the districts. Each district is responsible for day to day management as well as development planning for the education sector.

The administration in the Multan district is headed by the City District Nazim, who is elected by the people through their directly elected representatives. The organogram below describes the management system, which clearly puts the Nazim on the top, whereas the District Coordination Officer (DCO) serves as the head of administration. In Multan, Executive District Officer (EDO) Education and EDO Literacy are responsible for matters related to education and literacy in the city district.

While administration and management is the responsibility of district government, the district council has the authority to approve development plans and the annual budget of the district. The district council can also setup monitoring committees for various sectors, including for education, to oversee the performance of the district government. However, until now, the role of the district council has been relatively weak in terms of exercising oversight and accountability. It is due to the overall democratic culture that puts little emphasis on accountability and the limited role of civil society and media in terms of tracking annual development plans and budgets.

Organogram of City District Government Multan



2.2. Educational Facilities:

In the Multan City District, the total number of schools is 1857, which include 922 schools for males and 935 schools for females. It is one of the few districts in the country where the number of female schools is higher than males. However, the data presented in the Table below shows that, while the number of female primary and middle schools is higher than the ones for males, the situation is just the opposite when it comes to secondary and higher secondary schools. For instance, the total number of secondary schools in the district is 132 but, out of them, only 31 are for females.

Table 3: Public Sector Schools in District Multan

Level of Schooling	Male	Female	Total
Mosque Schools	244	9	253
Primary Schools	484	783	1267
Middle Schools	85	107	192
Secondary Schools	101	31	132
Higher Secondary Schools	8	5	13
Total:	922	935	1857

Source: City District Government, Multan URL: www.multan.gov.pk

In total, 384,236 children are enrolled in the public sector schools in the district. Out of them, 205,084 children are enrolled in primary schools; and the number sharply declines

in relation to middle and secondary schools. This indicates a very high percentage of drop-outs from public sector primary schools.

There are exists a significant gap in the number of male and female children' enrollment at all levels but especially at middle and secondary levels. It is, however, interesting that, while the number of female secondary schools is far less than the ones for males, the difference in the male and female enrollment is not that big.

Table 4: Enrolment Statistics in District Multan

Level of School	Male	Female	Total
Pre Primary	45505	39761	85266
Primary	113382	91702	205084
Middle	39840	23419	63259
Secondary	17467	11568	29035
H.Sec.	615	977	1592
Total:	216809	167427	384236

Source: City District Government, Multan URL: www.multan.gov.pk

2.3. Financing of Education:

As in other districts of the country, in Multan too, the public sector education upto the secondary level is predominantly financed through funds provided by the Federal and provincial Governments. Main channel for this financing is the Provincial Finance Commission (PFC) Award, whereby the provincial government distributes funds among the districts falling within its jurisdiction. The City District of Multan mobilizes very limited resources on its own. In the 2009-10 budget, the Own Source Revenue (OSR) of the district amounted to only RS 204 millions, which also included RS 58.5 millions as arrears. Hence, the OSR share in the total district budget was only 2.8 percent.

2.4. Quality of Education:

In the general public perception, over the years, the quality of education in the public sector educational institutions has deteriorated. As a result, a large number of private schools have been opened up to cater to the needs of those who want quality education for their children and who can pay. Initially, such schools mostly existed in the urban areas but now these are also being opened up in rural areas.

The most common problems experienced in the public sector schools include the following:

- Low enrollments;
- High drop-out ratios;
- High failure rates;
- Limited facilities;

- Closed schools;
- Absent teachers; and
- Low levels of learning.

A large number of children, who get enrolled, gradually drop-out in different grades. While this may be partially attributed to some general societal problems like poverty and parents' inability to guide and support their children, the role of school and teachers is also of critical importance. Lacking facilities, adequate teaching staff and motivation, the schools usually fail to properly manage children and keep them and their parents interested in continuing their schooling. As a result, the enrollment gradually drops for each grade up; and it is usually very low in high and higher secondary schools.

3. Budget Making Process for Education Sector in Multan

The budget process for all districts in Punjab, including Multan, is governed by Punjab District Government and Tehsil Municipal Administration Budget Rules 2003. The financial year starts on July 1 and end on June 30 each year. Under these Rules, budget call letters are issued by the EDO Finance and Planning (F&P) in September. All departmental heads are given time until the end of December to submit the first draft of their departmental budget, which should include estimates for both current and development expenditures. Once these have been compiled, the proposed development projects are referred to the District Development Committee for consideration. In the meanwhile, Citizen Community Boards (CCBs) are supposed to develop proposals for development projects for their respective communities. These proposals are submitted to the district government through the relevant Department Heads, which evaluate the technical feasibility of the proposal. In March, the F&P compiles the full departmental budgets, requests justifications for any increase in spending, and obtains approval from the Development Committee for proposed projects. The draft budget is required to be submitted by District Nazim to the council in April. The council is expected to enact the annual budget before the end of June.

While the rules relating to budget process are elaborate and progressive, these are not always implemented in letter and spirit by the district governments. Generally, the stakeholders are not effectively consulted; and budget process is not strictly followed within the timeframe outlined in the Rules. Various steps regarding timely completion of feasibilities, seeking public views or presentation of draft budget in the council in April are often ignored or delayed.

In Multan, however, the City District Government has been making efforts to ensure compliance with Budget Rules. Since 2007, the government has been preparing annual budgets after holding consultative dialogues with various stakeholders. The government has also presented draft budgets in the Council, as required under Rule 57 of the District Government and TMA Budget Rules 2003.⁶ These steps have helped in creating public awareness as well as in improving the quality of planning and budgeting process through feedback and input provided by public. It may nonetheless be asserted that a lot more

⁶ *City District Government, Budget 2009-10 (Part-I), Multan.*

needs to be done to further improve the budget process, especially in terms of building the capacity of councilors and civil society for tracking and analyzing annual budgets. In the absence of such a capacity, the democratic oversight through the elected leaders is hard to be ensured.

District Annual Budget Cycle

July-September:	Consultation with stakeholders and priorities identified by the council.
September:	Budget call letter issued.
	Forms for estimation of receipts and expenditures also issued with call letter.
October:	Guidelines identifying priority areas for CCBs issued by district government
September-February:	Consolidation of estimates of revenue and expenditure.
	Identification of development projects and preparation of project outlines.
December:	CCB project proposals submitted to CCB Official.
March 1st:	All the estimates, development project outlines and CCB proposals submitted to Budget and Development Committee.
March:	Finalization by Budget and Development Committee (including revised estimates for the current year).
	Approval of Annual Development Program by the Budget and Development Committee.
1st April:	Draft budget submitted to council.
April:	Review of draft budget by the council including taxation proposals.
1st May:	Public opinion sought on taxation proposals.
1st June:	Public opinion and government vetting received.
May-June:	Revision and changes by Head of Offices and finalization by the Budget and Development Committee.
June:	Submission of final budget to the Council.
Before 30th June:	Approval of final budget by the Council.
July:	Communication of grants to concerned offices and accounts offices.
	Intimation of project approval or non-approval.
October:	Final Accounts for previous year.

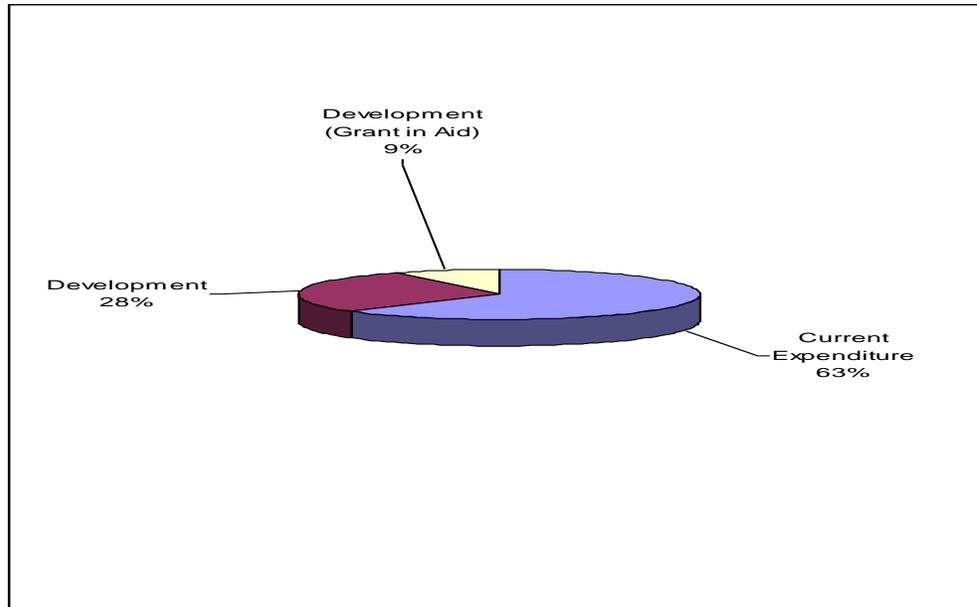
Source: Punjab Government, District Government and TMA Budget Rules 2003, Lahore.

4. Education Budget Analysis

4.1. Budget Overview:

In 2009-10, the total annual budget of Multan City District is RS 7264.6 millions. Out of the total, RS 4514 millions are for non-development expenditures and RS 2750.5 millions

for development projects. Hence, the share of development budget is over 37 percent in the total budget of the district.



Out of the total non-development budget of RS 4514 millions, the allocation for education sector amounts to RS 2755 millions. In this way, about 61 percent of the total non-developmental budget of the district is consumed by the education sector alone. This looks impressive in terms of percentage share but the amounts allocated fall short of the needs of the people in the district.

In 2004-05, the total non-developmental allocation for the education sector was RS 1,403,646,000 out of the total non-developmental budget of RS 2,062,938,000 for the whole district.⁷ In this way, about 68 percent of the total non-developmental budget was being spent on education.

4.2. Salary Budget:

In Multan City District, about 95 percent of the total non-developmental budget is consumed by salaries of teaching and other staff; while only 4-5 percent is allocated for non-salary expenditures. In 2008-09, about 96 percent of the total allocation for the education sector was meant for employees related expenses such as salaries and allowances. This percentage decreased slightly in 2009-10, when the employees related expenses amount to 94.6 percent of the total non-developmental budget for education.

Table 5: Salary and Non-Salary Budget for EDO (Education Group) in Multan

Type of Expenditures	Budget Estimate 2008-09	Revised Estimate 2008-09	Budget Estimate 2009-10

⁷ City District Government, District Budget (Part-I) – 2005-06, Multan

Salary	2,059,611,000	2,380,070,600	2,539,248,000
Non-Salary	87,217,000	105,953,580	144,403,000
Total	2,146,828,000	2,486,024,180	2,683,651,000
Non-Salary as Percentage of Total	4%	4.3%	5.4%

Source: City District Government, Budget 2009-10 (Part-I), Multan.

Salary budget is usually allocated against the sanctioned posts in the district. However, as many of the sanctioned posts are lying vacant at any given moment, a certain percentage of salary budget is not consumed and, as a result, it either lapses or is re-appropriated.

4.3. Non-Salary Budget:

In 2008-09, the funds allocated for non-salary expenditures amounted to 4 percent of total non-developmental allocations; while this allocation increased to 5.4 percent in 2009-10. In 2004-05, the non-salary expenditures were only 3.9 percent of the total non-development expenditures.⁸

It may be highlighted that, in Multan in 2009-10, the non-salary allocations for all departments in the total non-developmental budget amount to RS 585 millions. It means that, in overall terms, the Multan City District has allocated about 13 percent of the total non-developmental budget for non-salary expenses. Hence, the non-salary allocation of only 5.4 percent for the education sector is far less than the 13 percent ratio in the overall district budget.

The non-salary allocations for schools of various types are drastically inadequate. It is evident from the fact that, in 2007-08, the male primary schools working under the Assistant Education Officer (Markaz Sher Shah) were allocated only RS 82,000 for non-salary expenses for the whole year. The sanctioned strength of staff at these schools was 198. In the 2009-10 budget, the non-salary allocation was zero for these schools, which is due separate allocation now being made through school management committees (SMCs).

Similarly, the male primary schools working under the Assistant Education Officer (Markaz Shujabad) were allocated only RS 105,000 for non-salary expenses for the whole year. Sanctioned strength of staff at these schools was 298. Here too, the non-salary allocations have been reduced to zero by 2009-10, as separate allocations are made through SMCs.

The female primary schools do not get any additional funding as non-salary expenses. For example, in 2007-08, the female primary schools working under the Assistant Education Officer (Markaz Qadir Pur Ran) were allocated only RS 70,000 for non-salary

⁸ *Ibid.*

expenses. The total sanctioned strength of staff at these schools was 201. No allocation was made for non-salary heads in 2009-10.

Similar situation is observed in relation to high schools. For instance, in 2009-10, the total budget of Government Girls Higher Secondary School Piran Ghaib was RS 10,635,000 but it included only RS 186,000 for non-salary heads. Most of the non-salary allocation was meant for utilities, communication, travel and repair and maintenance. On the other hand, Government Girls High School Kabootar Mandi had a total annual budget of RS 8,415,000, which included only RS 210,000 for non-salary heads.

Table 6: Salary vs. Non-Salary Budget of Selected High Schools 2009-10

School	Total Employee s Related Expenses	Total Non-Salary					
		Communi cations	Utilities	Travel & Transportation	General	Repair and Maintenance	Total
Govt. Bukhari Public High School Multan	10,487,000	12,000	105,000	5000	32,000	8000	162,000
Govt. High School Piran Ghaib Multan	7,040,000	1,000	25,000	5,000	32,000	8,000	71,000
Govt. High School Bohar Multan	4,696,000	13,000	24,000	5,000	31,000	10,000	83,000
Govt. High School Allah Abad Shujabad	3,970,000	1,000	35,000	10,000	35,000	14,000	95,000
Govt. Girls High School No. 2 Shamasabad, Multan	24,194,000	11,000	165,000	7,000	33,000	10,000	226,000
Govt. Girls High School Kabootar Mandi Multan	8,205,000	10,000	90,000	5,000	75,000	30,000	210,000
Govt. Girls High School Matotli Shujabad	3,638,000	1,000	19,000	5,000	31,000	10,000	71,000

Source: City District Government, Budget 2009-10 (Part-II), Multan

It may be noted that, in addition to funds allocated in the district budget, primary and middle schools receive some funding from the provincial government, which is channeled through the school management committees (SMCs). In the district, these funds are managed jointly by the EDO Education and District Monitoring Officer (DMO); while these are utilized by the SMCs. Through this mechanism, each primary school gets a grant in aid of RS 25,000 for a year; whereas a middle school gets RS 50,000 per year.

As for as the school management councils related to high schools are concerned, no additional funds are provided to them by the provincial government. However, these councils have been authorized to manage the Farogh-e-Taaleem Fund, which is sustained through monthly contributions by students.

5. Development Budget

It is the development budget through which new projects are implemented or existing facilities are up-graded. In the year 2009-10, the City District Government allocated about 28 percent of the total annual budget for development projects. Another 10 percent of the total amount was provided to the district by the provincial government as grant in aid. The total allocation for development projects amounted to RS 2750.5 millions.

The Table below provides summary information about the development projects that were planned or implemented during 2007 - 2009. It shows that, in 2007-08, only 14 percent of the total funds allocated for development were meant for education or literacy in the district. This percentage had further shrunk to 11 percent during the year due to revisions of the annual budget.

Table 7: Share of Education in the Annual Development Plan 2008-09 RS in Millions

	Budget Estimate 2007-08	Revised Budget Estimate 2007-08	Allocation 2008-09		
			On-going	New	Total
Education	249.7	129.7	67.4	70	137
Literacy	1.00	0.00	0.00	4.00	4.00
Total (Education+ Literacy)	250.7	129.7	67.4	74	141
Total All Sectors (Excluding CCB)	1772	1183	558	742	1300
Education and Literacy Allocations as Percentage of Total	14%	11%	12%	10%	10.8%

Source: City District Government, Annual Development Programme 2008-09, Multan.

In the year 2008-09, the share of literacy and education in the overall allocations for development projects was 10.8 percent i.e. lesser than the previous year. In this year, only RS 141 millions had been allocated for various on-going and new development projects for the education sector; while to total development budget of the district, excluding CCBs, was about RS 1300 millions.

An analysis of the development budget of the district for the years 2007-2008 and 2008-2009 shows that the main three development priorities of the government in terms of allocated funds are as follows:

1. Agricultural extension and farm to urban link roads;

2. Roads, bridges and widening/ improvement of chowks; and
3. Education.

Table 8: First Three Development Priorities of the District 2007-2009

No	Priority	Budget Estimate 2007-2008	Revised Budget Estimate 2007-2008	Budget Estimate 2008-2009
1	Agricultural extension and farm to urban link roads	591.9	608.7	499.8
2	Roads, bridges and widening / improvement of chowks	277.5	180.4	241.9
3	Education	249.7	129.7	137.4

Source: City District Government, Annual Development Programme 2008-09, Multan.

Each district has competing needs for various kinds of development projects in sectors like roads, agriculture, health, electricity and education. In view of other urgent needs, it seems that the City District Government of Multan has so far not considered it appropriate to make education the top most priority in its development planning.

6. Major Concerns related to Current and Development Budgets

The study of the education sector budgeting in Multan brings out the several concerns that require attention of policy makers and other stakeholders. These are as follows:

- The number of educational facilities meant for boys and girls in Multan are roughly equal in number, which is very encouraging and reflects well on the relevant authorities. However, there still exists a vast gender gap when it comes to secondary schools. More high schools for females need to be built, especially in rural areas.
- Most of the education sector budget available with the district government is consumed by employees' related expenses. As a result, relatively little amounts are allocated for non-salary budget heads, which are extremely important for smooth functioning of educational institutions. Without making adequate provisions for non-salary heads like communication, consumables, utilities and transport, it would be unrealistic to expect improvement in enrollments or quality of education delivered in government schools. Currently, such allocations are particularly low for schools located in rural areas.
- Development of the education has remained a 3rd priority of the district over the years, as road construction, chowks and bridges are allocated more funds than education. The resources made available for implementing development projects are limited.

- The budget calendar, as provided in the Budget Rules notified by the Punjab Government in 2003, is not strictly observed and followed by the district government. In particular, the provisions relating to stakeholder consultations, timely completion of proposals and technical sanctions, and presentation of draft budget in the District Council need to be taken a lot more seriously. It is encouraging that the City District Government has already taken some steps in this direction.
- The overall size of the budget is inadequate, which needs to be increased through allocation of more resources for distribution among districts as well as by improving the efforts for generating more resources by the district government itself.

7. Recommendations

In view of the finding of this study, the following recommendations are made:

- The overall budget for the education sector in the district needs to be increased. This would, however, be only possible if the resources allocated through the PFC Award witness significant increase, as the district has very limited resource generation capacity of its own. In the meanwhile, the district should also make efforts to recover arrears and generate more resources on its own.
- The non-salary allocations need to be significantly increased so that schools could meet the needs relating to their operating expenses. Simultaneously, efforts should be made to improve procedures and human resource capacities in order to ensure that schools can efficiently access and utilize funds allocated for operating expenses.
- Funds provided to SMCs by the provincial government are not based on any assessment of needs of related schools. Therefore, the mechanism of providing such grants in aid needs to be improved and made needs-based. There is also a need to improve the capacity of SMCs for utilizing such transfers in a transparent and judicious manner.
- The budgetary allocations should be linked with performance of relevant institutions. Such Performance Based Budgeting with a well defined monitoring policy can help improve the quality of education.
- All stakeholders, including the students and communities, should be consulted in the process of identifying budgetary needs of school. This can happen at the time when schools are required to submit their requirements in response to the Budget Call Letter.

- The Budget Calendar, as provided in the Rules, should be strictly followed to ensure efficiency and public participation in the process.
- The budget making process needs to be made gender sensitive in order to ensure adequate provisions for the existing girls' schools as well as to bridge the gap that exists in the number of educational institutions at secondary level for males and females in the district.

Recommendations

This study of education budgets of six districts is significant in terms of its findings related to budget making process, budget allocations and identification of gaps between the needs of schools and the resources that are provided. It also brings out disparities that exist across districts in terms of per capita allocations of resources for education. On the basis of such findings, the following major recommendations are being presented for the attention of all those who have a say in decision-making:

1. Currently, the budget allocations for the education sector across districts are uneven in per capita terms. Budget allocations for districts like Islamabad, Abbottabad and Jhelum are significantly higher in per capita terms than districts like Multan, Nowshera and Faisalabad. In view of this, it is important to ensure that budget allocations for education across districts are fair, equitable and needs based; and that the backward districts are given priority and additional resources to bring them at par with relatively more developed districts.
2. The overall budget for the education sector in the districts needs to be increased. This would, however, be only possible if, on the one hand, the resources allocated through the PFC Award witness significant increase and, on the other hand, the districts improve their own resource generation capacity and efforts.
3. Concerted efforts must be made to improve the conditions of primary schools by providing adequate resources, facilities and technical support. In fact, it would be advisable to upgrade all primary schools into middle schools, while ensuring that each school has adequate teaching and support staff.
4. Adequate budgetary provisions must be made for operating expenses to each school. Needs for operating expenses must be determined through an open and a consultative process involving all stakeholders. In particular, the budget making process must take into account the needs of more frequent communications and interactions among teachers and parents as well as improving classroom environment for quality learning. Sufficient funds must also be provided to schools for sports, annual tournaments and for the promotion of extra-curricular activities.
5. An appropriate mechanism must be devised whereby primary and middle schools could easily access and utilize the funds that are allocated for them. Currently, the primary and middle schools do not have any staff to maintain accounts; nor do the head teachers of these schools have the powers of drawing and disbursing officers. As a result, the primary and middle schools find it difficult to access or utilize the funds that are allocated for them, as the head teachers have to get approvals from relevant drawing and disbursing officers, who are usually the Deputy District Officers (DDOs) and who are not easily or usually accessible. For the purpose of budget, it may be more practical to attach primary and middle schools with nearby high or higher secondary schools, whose head-masters have the powers of drawing and disbursing officers.
6. All stakeholders, including the students and communities, should be consulted in the process of identifying budgetary needs of school. This can happen at the time when

schools are required to submit their requirements in response to the Budget Call Letter. The existing local government system and budget rules, which provide for stakeholder consultations, transparency and effective inputs and oversight by public representatives in the annual budget, need to be strengthened and implemented in letter and spirit.

7. As for the Islamabad Capital Territory (ICT), until the government decides to extend the local government system to Islamabad, a citizens' consultative forum may be established to discuss the education related matters pertaining to Islamabad and advise the government on important matters. This forum may include elected members of the National Assembly from Islamabad, eminent citizens, civil society representatives, heads of selected educational institutions and representatives of Federal Directorate of Education and Ministry of Education.

8. Special needs of girls' schools and rural schools should be carefully identified, and annual budgets must make necessary provisions with the primary objective of providing quality educational services to all. The special needs of girls' schools and rural schools may relate to, for example, transport, annual study tours or additional allowances as incentives for teachers to serve in these schools. Budget making process in the districts must also aim to bridge the gap that exists in the number of educational institutions for males and females.

9. The non-salary allocations need to be significantly increased so that schools could meet the needs relating to their operating expenses. Simultaneously, efforts should be made to improve procedures and human resource capacities in order to ensure that schools can efficiently access and utilize funds allocated for operating expenses.

10. The budgetary allocations should be linked with performance of relevant institutions. Such Performance Based Budgeting with a well defined monitoring policy can help improve the quality of education.

11. In the districts, there exist a large number of sanctioned but vacant posts of both teaching and non-teaching staff. As a result of these vacant posts, the schools lack the required number of staff, which adversely affects the quality of instruction. It is, therefore, important that urgent steps are taken to fill the vacant posts.

12. Even though education has become a devolved subject for which responsibility has been assigned to the district level, the district has little autonomy over recruiting new staff or rationalizing the staff requirements according to changing needs. It is felt that district authorities should be given more powers for this kind of decision making, so that district government could perform its responsibilities more efficiently.

13. Funds available for development projects are usually inadequate. However, few districts get disproportionately higher amount of funds but it happens only when a senior political leader uses his or her political influence. There is a need to provide adequate development funds to all districts on the basis of a clear and a just criterion; while minimizing arbitrary decisions about resources allocations in favour of or against some districts.

14. The ad-hoc nature of education planning is most visible in budgeting of development sector. There is a tendency of ignoring ongoing development projects and initiating new projects. This tantamount to wasting the money that has been spent on ongoing projects in previous years. As little money is available for development projects, it should be utilized rationally and based on proper planning.

15. Funds provided to SMCs by the provincial government are not based on any assessment of needs of related schools. Therefore, the mechanism of providing such grants in aid needs to be improved and made needs-based. There is also a need to improve the capacity of SMCs for utilizing such transfers in a transparent and judicious manner.

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