



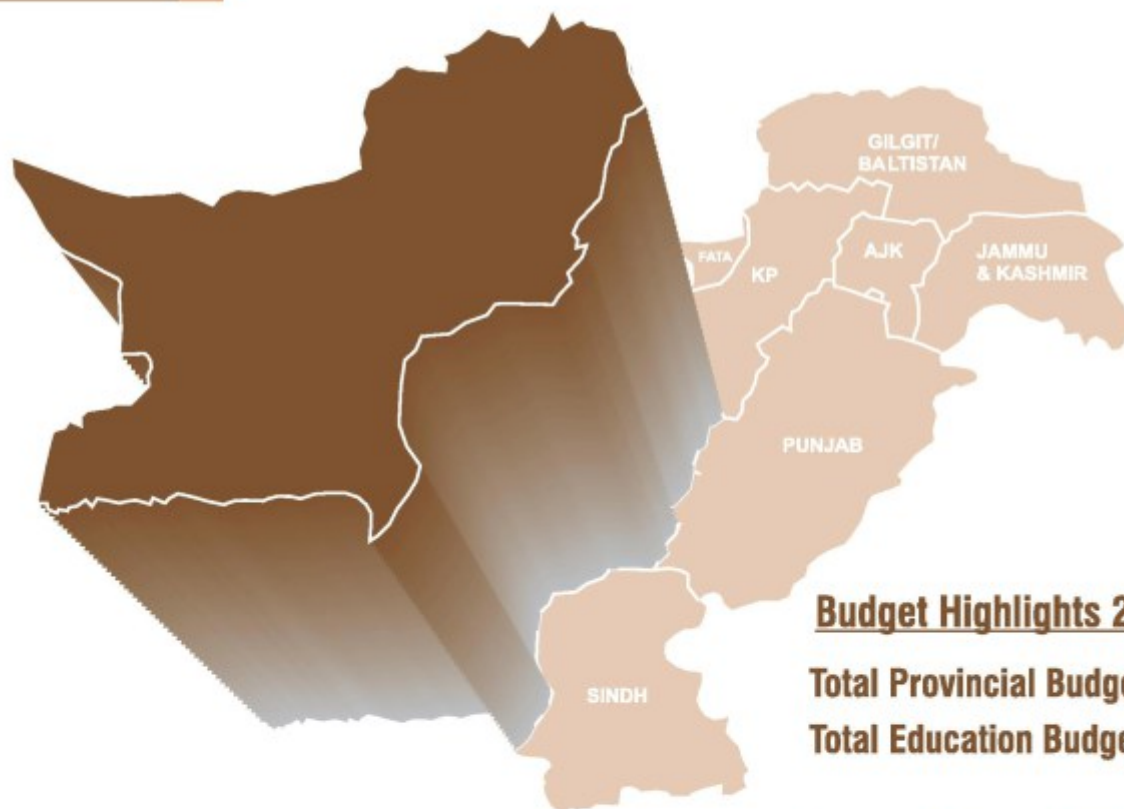
Public Financing of Education in Pakistan

Analysis of Federal, Provincial and District Budgets

2010-11 to 2014-15

CHAPTER 6

Public Financing of Education: Balochistan



Budget Highlights 2014-15

Total Provincial Budget: 216 billion

Total Education Budget: 41 billion

Current Budget: 29 billion

→ **Salary Budget:** 26 billion

→ **Non-Salary Budget:** 3 billion

Development Budget: 12 billion

CHAPTER 6

Public Financing of Education: Balochistan

A total of 12,357 public sector schools exist in the province out of which 85 percent are primary schools. 58 percent of the schools at primary level are running with only one teacher. Survival rate to grade 5 hovers around 43 percent whereas the transition rate from primary to middle is 67 percent¹. The number of out-of-school children (5-16 years age group) in the province is estimated to be 1.2 million; 55 percent of which are girls².

► **58%**
% of the schools at primary level running with only one teacher

6.1 EDUCATION BUDGET 2014-15 AT A GLANCE

6.1.1 Comparison of Education Budgets 2013-14 and 2014-15

A total of Rs. 40.7 billion has been allocated for education in the budget estimates for FY 2014-15 which presents an increase of 17 percent compared with last year's allocations. Majority of the budget, i.e., 71 percent, will be spent on recurrent expenditure whereas 29 percent of the budget has been apportioned for development purposes. 89 percent of the current budget will go to salaries and other employee-related expenses such as pays and allowances.

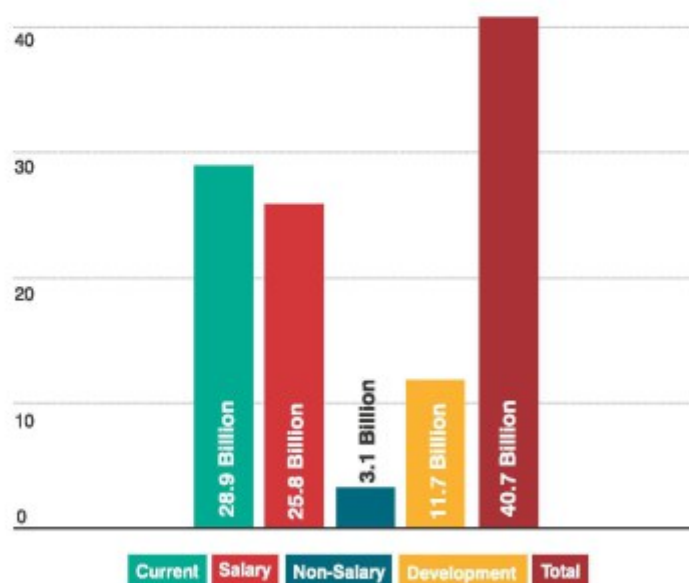
▲ **17%**
Increase in Total Budget

▲ **17%**
Increase in Current Budget

▲ **16%**
Increase in Development Budget

¹ NEMIS, 2012-13

² I-SAPS estimates, 2012-13

Chart 6.1: Balochistan Education Budget 2014-15

Source: FABS Reports from PIFRA SAP System

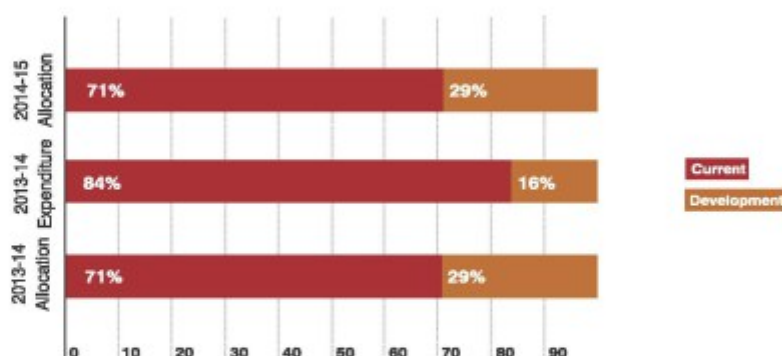
Table 6.1: Balochistan Education Budget 2014-15 at a Glance (Rs. Million)

	2014-15	2013-14		Increase/Decrease in 2014-15 vis-à-vis 2013-14	
	Allocation	Allocation	Expenditure	Allocation	Expenditure
A. Current	28,937.23	24,743.90	28,643.83	4,193.33(17%)	293.40(1%)
Salary	25,844.82	20,801.28	25,750.61	5,043.54(24%)	94.21(0.4%)
Non-Salary	3,092.41	3,942.62	2,893.22	-850.21(-22%)	199.19(7%)
B. Development	11,736.44	10,154.72	5,306.67	1,581.72(16%)	6,429.77(121%)
Total (A+B)	40,673.66	34,898.62	33,950.50	5,775.04(17%)	6,723.16(20%)

Source: FABS Reports from PIFRA SAP System

Compared with the budgetary allocations in 2013-14, the total education budget has increased by 17 percent (Rs. 5.8 billion) in 2014-15 with major portion of the increase owing to the salary expenses whereas the non-salary budget has been cut-down by 22 percent (Rs. 850 million) this year.

The development budget has increased significantly comparing with the expenditure in 2013-14 where an extra amount of Rs. 6.4 billion (121 percent) has been apportioned for it. But what remains to be seen is that what portion of the development budget will be expensed this year considering the fact that about half of the allocated development budget in 2013-14 could not be spent.

Chart 6.2: Increase/Decrease in Education Budgets 2013-14 and 2014-15

Source: FABS Reports from PIFRA SAP System

6.1.2 Education Budget as a Proportion of Total Provincial Budget

About one fifth of the total provincial budget in 2014-15 has been appropriated for education sector. Total provincial outlay for Balochistan in 2014-15 is Rs. 215.7 billion out of which Rs. 40.7 billion (19 percent) has been apportioned for education. The same percentage (19 percent) was also recorded in 2013-14.

Breakdown of the provincial budget into its components shows that 18 percent of the provincial recurrent budget and 23 percent of the provincial development budget has been allocated for education sector's current and development budgets, respectively. The current budget allocations as proportion of the provincial budget have increased by 2 percent in 2014-15 as compared to the previous year.

Table 6.2: Education Budget as Proportion of Total Provincial Budget (Rs. Million)

	Provincial Budget	Education Budget	Share of Education Budget	Provincial Budget	Education Budget	Share of Education Budget
	2014 - 15	2014 - 15	2014 - 15	2013 - 14	2013 - 14	2013 - 14
Current	164,971	28,937	18%	154,468	24,744	16%
Development	50,742	11,736	23%	43,922	10,155	23%
Total	215,713	40,674	19%	198,390	34,899	18%

Source: FABS Reports from PIFRA SAP System & White Paper on Budget

6.1.3 Composition of Education Budgets 2013-14 and 2014-15

The highest share of Balochistan's education budget, i.e., 36 percent, has been apportioned for secondary education which in absolute terms equal to Rs. 14.6 billion. This shows a minor increase compared with the last year's allocation for secondary education where Rs. 14.1 billion were earmarked. Primary education is estimated to

Education Budget as Proportion of Total Provincial Budget 2014-15

Provincial Total Budget



Provincial Current Budget



Provincial Development Budget



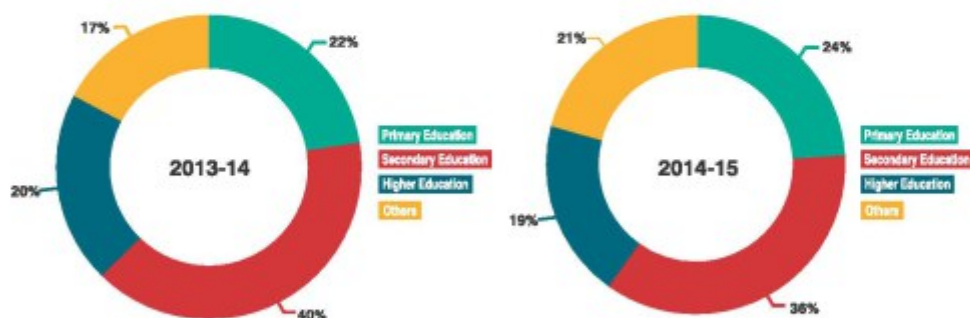
Education Budget

65

Major portion of the increase in 2014-15 is owing to the salary expenses whereas the non-salary budget has been cut-down by 22 percent (Rs. 850 million) this year.

consume about 24 percent of the education budget in 2014-15, a slight increase from 22 percent allocation in 2013-14. In 2014-15, 19 percent and 21 percent of the education budget has been apportioned for higher education and 'others'.

Chart 6.3: Composition of Education Budgets 2013-14 and 2014-15



Source: FABS Reports from PIFRA SAP System

6.2 TRENDS IN EDUCATION EXPENDITURE 2010-11 to 2014-15

6.2.1 Trends in Total Budget Allocations and Expenditures

Over the years, the education budget of Balochistan has shown an upward trend (see Table A6.1 in Annex). During the last 5 years, the total budgetary allocation has registered an increase of 110 percent; rising from Rs. 19.4 billion in 2010-11 to Rs. 40.7 billion in 2014-15. During 2011-12 and 2012-13, more than 100 percent of the allocated budget was expensed on education sector. However, it is worth noting that majority of this increase owed to the current expenditure/salaries.

Chart 6.4: Percentage Change in Budgetary Allocations and Expenditures, 2010-11 to 2013-14

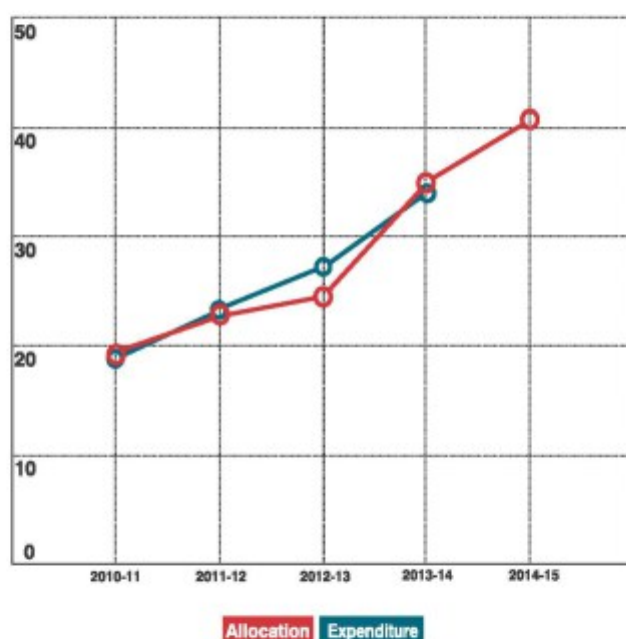


Note: A positive percentage refers to more budget expensed in relation to the allocated amount in that year whereas a negative percentage refers to lesser budget expensed compared to that year's allocation.

Source: FABS Reports from PIFRA SAP System

In 2011-12, Rs. 22.7 billion were apportioned for the education budget indicating an increase of 17 percent compared with the allocation in 2010-11. During 2010-11, Rs. 633 million remained unspent considering the allocated budget that year. The expensed budget during 2011-12 was 2 percent more than the allocated amount. Rs. 24.5 billion were earmarked for education in 2012-13 showing an increase of 8 percent compared with the previous year's allocation. The expensed amount during the year was Rs. 2.7 billion more than the allocated budget; mostly spent on salaries. Increase in the budget during 2013-14 was substantial compared to previous years where an increase of 42 percent was registered compared with 2012-13. However, Rs. 948 million remained unspent during the year. Generally, the utilization rate has been around 100 percent or more for Balochistan but the additional amounts expensed have been for meeting the increase in salary expenditure.

Chart 6.5: Trends in Education Budget 2010-11 to 2014-15 (Rs. Billion)



Source: FABS Reports from PIFRA SAP System

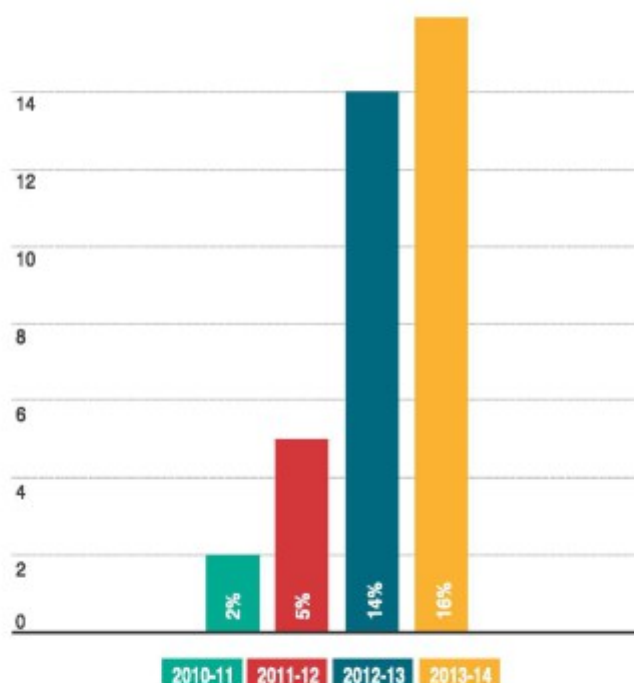
During 2010-11 and 2011-12, primary education received the highest share of education budget; however, the trend changed afterwards where secondary budget started getting the highest portion of the budget. It is worth noting that a huge part of the allocated amount, i.e., 21 percent, in 2014-15 has been earmarked for 'others' which is higher to the tune of Rs. 5.5 billion compared to the expensed budget against this head during the previous year.

Generally, the utilization rate has been around 100 percent or more for Balochistan but the additional amounts expensed have been for meeting the increase in salary expenditure.

6.2.2 Trends in Current Budget Allocations and Expenditures

Major portion of the increase in education budget has been owing to the recurrent budget during the last 5 years (see Table A6.2 in Annex). An increase of 65 percent has been registered for current budget during the last 5 years where the budget increased from Rs. 17.5 billion in 2010-11 to Rs. 28.9 billion in 2014-15. An important thing to note in this regard is that for each year the expensed budget has been more than the allocated amount. Highest over-spent amounts were seen during the last 2 years where 14 percent (in 2012-13) and 16 percent (in 2013-14) more budget was spent on current expenditure.

Chart 6.6: Percentage Change in Current Budget Allocations and Expenditures, 2010-11 to 2013-14



Note: A positive percentage refers to more budget expensed in relation to the allocated amount in that year.

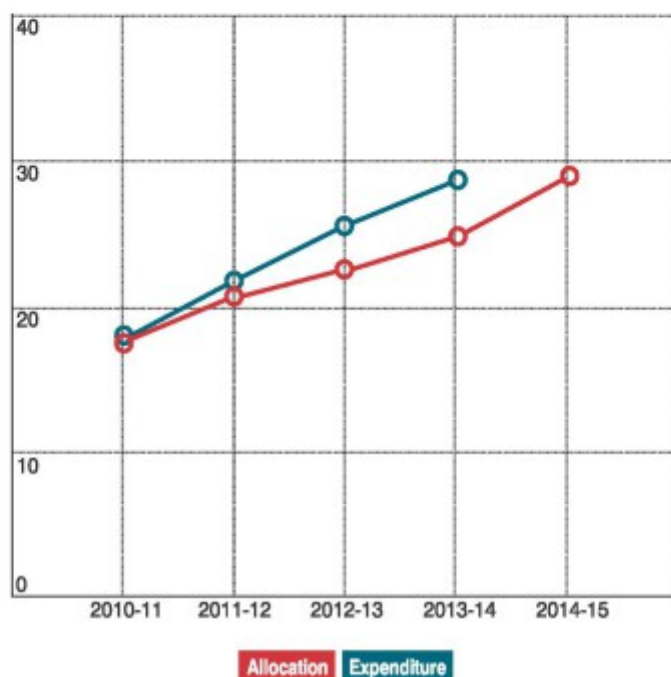
Source: FABS Reports from PIFRA SAP System

The allocation for current budget was Rs. 17.5 in 2010-11 which was raised by 18 percent during the successive year. Rs. 991 million more budget was spent on recurrent expenditure during 2011-12. An increase of Rs. 1.8 billion (9 percent) was registered during 2012-13 compared to the allocated budget in 2011-12. In comparison with the expensed amount of Rs. 25.5 billion in 2012-13, 3 percent lesser budget was earmarked for 2013-14. However, a higher budget to the tune of Rs. 3.9 billion was spent during the year. A meagre increase of Rs. 293 million has been apportioned for

Highest over-spent amounts for current budget were seen during the last 2 years where 14 percent (in 2012-13) and 16 percent (in 2013-14) more budget was spent on current expenditure.

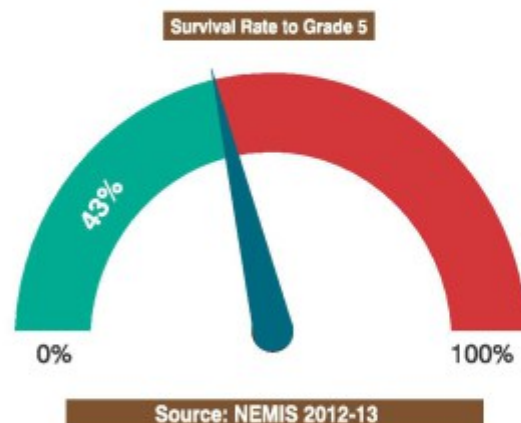
the current fiscal year compared to the expenditure in the previous year. However it merits a mention that the increase is always in salary expenditure. Non salary operational expenditure has always been short of allocation.

Chart 6.7: Trends in Current Education Budget 2010-11 to 2014-15 (Rs. Billion)



Source: FABS Reports from PIFRA SAP System

During 2010-11 and 2011-12, primary education was allocated the highest share of current budget; followed by secondary education and higher education. The trend has shifted in favour of secondary during the last few years. For the last 5 years, the expensed amount on primary and secondary education has always been higher than the amounts earmarked for them during that year.



During 2010-11 and 2011-12, primary education was allocated the highest share of current budget; followed by secondary education and higher education. The trend has shifted in favour of secondary during the last few years.

Chart 6.8: Trends in Current Budget by Educational Level 2010-11 to 2014-15 (Rs. Million)

Key

In 2014-15, Rs. 3.1 billion has been set aside for non-salary budget, registering a decrease of 22 percent compared to previous year's allocation.



Source: FABS Reports from PIFRA SAP System

More than 80 percent of the current budget has been allocated and expensed on salary related expenditure during the last 5 years with the highest share of expenditure, i.e., 90 percent, being recorded during the last two years (2012-13 and 2013-14) where Rs. 22.9 billion and Rs. 25.6 billion were spent, respectively (see Table A6.3 in Annex). During the last few years, secondary education has been the major consumer of salary budget. The expenditure on salaries and other employee-related costs has always exceeded, to the tune of 2-6 percent, the allocated budget since 2010-11.

The importance of non-salary budget in effective functioning of schools for their

day-to-day operational expenses is unquestionable. Still a very low share of the current budget is apportioned for such expenses (see Table A6.4 in Annex). This year, a meagre amount of Rs. 3.1 billion has been set aside for non-salary budget, registering a decrease of 22 percent compared to previous year's allocation. During the last 4 years, non-salary expenditure has always been lower than the allocated budget for that year, except 2012-13, where the expenditure surpassed allocation (may be due to nominal allocation or no allocation) as no allocation was made for primary education during the said financial year.

6.2.3 Trends in Development Budget Allocations and Expenditures

Despite the infrastructural needs of the education system in the province, the amount allocated for development purposes is very less compared with the current budget and on top of that the expensed budget is significantly short of the allocations (see Table A6.5 in Annex).

Chart 6.9: Percentage Change in Development Budget Allocations and Expenditures, 2010-11 to 2013-14



Note: A negative percentage refers to lesser budget expensed compared to that year's allocation.

Source: FABS Reports from PIFRA SAP System

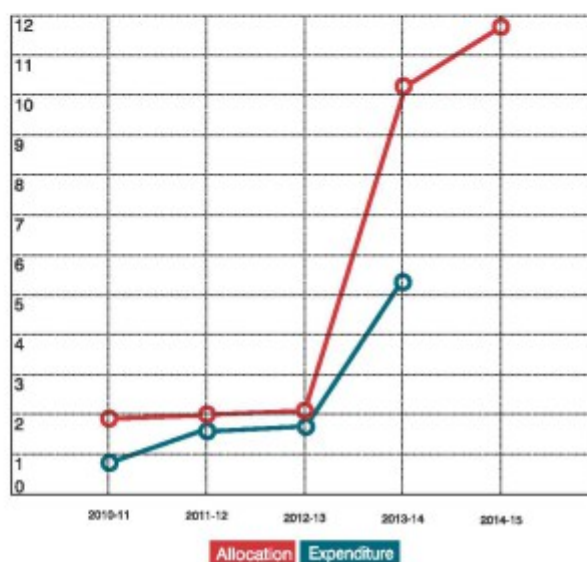
The highest difference between allocation and expenditure was noted for the last year where 48 percent of the budget remained unspent compared with the allocated amount of Rs. 10.2 billion out of which only Rs. 5.3 billion were spent. On average the actual expenditure has remained short of the allocations by 36 percent during the last 4 years. In contrast to the previous years, recently an emphasis for higher allocations for development budget is clearly visible during this year and the last year. This year an amount of Rs. 11.7 has been earmarked for the development budget

The highest difference between allocation and expenditure was noted for the 2013-14 where 48 percent of the budget remained unspent.

which is an increase of 16 percent compared with the budgetary allocation last year. However, considering the past trends, it remains to be seen as to what percentage of the allocated amount is expensed during the current fiscal year.

Chart 6.10: Trends in Development Education Budget 2010-11 to 2014-15 (Rs. Billion)

Only 7 percent of the expensed development budget during the last year was spent on primary education compared to 65 percent and 24 percent expenditure on



Source: FABS Reports from PIFRA SAP System

In 2014-15, the highest share of the development budget has been earmarked for secondary education, followed by higher education and primary education. Only 7 percent of the expensed development budget during the last year was spent on primary education compared to 65 percent and 24 percent expenditure on secondary and higher education, respectively. This is strange considering the national focus on primary education and that higher education at university level is a federal subject.

Net Enrolment Rate at Primary Level

52%

Boys

Source: PSLM, 2012-13

Net Enrolment Rate at Primary Level

34%

Girls

Source: PSLM, 2012-13

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