Public Financing of Education in Pakistan
Analysis of Federal, Provincial and District Budgets
2010-11 to 2014-15

I-SAPS
Institute of Social and Policy Sciences
CHAPTER 4
Public Financing of Education: Sindh

Budget Highlights 2014-15

Total Provincial Budget: 686 billion
Total Education Budget: 149 billion

Current Budget: 134 billion
  ➔ Salary Budget: 101 billion
  ➔ Non-Salary Budget: 33 billion
Development Budget: 15 billion
CHAPTER 4
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A total of 47,394 public sector schools exist in the province out of which 91 percent are primary schools. 45 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 59 percent\(^1\). The number of out-of-school children (5-16 years age group) in the province is estimated to be 6.5 million\(^2\); 51 percent of which are girls.

4.1 EDUCATION BUDGET 2014-15 AT A GLANCE

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

For FY 2014-15, a total of Rs. 149.49 billion have been allocated for education which shows an increase of Rs. 13.9 billion (10 percent) compared to the allocated budget in 2013-14. 90 percent of the allocated budget this year has been apportioned for current expenditure; out of which 75 percent will go to salaries and allowances whereas 25 percent has been earmarked for non-salary expenses. Only 10 percent of budget (Rs. 15 billion) has been allocated for development purposes.

\(^1\)NEMIS, 2012-13
\(^2\)SAPS estimates, 2012-13
Table 4.1: Sindh Education Budget 2014-15 at a Glance (Rs. Million)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Allocation</td>
<td>Allocation</td>
<td>Expenditure</td>
</tr>
<tr>
<td>A. Current</td>
<td>134,437.97</td>
<td>118,661.80</td>
<td>98,179.60</td>
</tr>
<tr>
<td>Salary</td>
<td>101,430.56</td>
<td>94,241.05</td>
<td>86,656.51</td>
</tr>
<tr>
<td>Non-Salary</td>
<td>33,007.40</td>
<td>24,420.75</td>
<td>11,523.09</td>
</tr>
<tr>
<td>B. Development</td>
<td>15,047.20</td>
<td>16,885.00</td>
<td>5,529.61</td>
</tr>
<tr>
<td>Total (A+B)</td>
<td>149,485.17</td>
<td>135,546.80</td>
<td>163,709.21</td>
</tr>
</tbody>
</table>

Source: FABS Reports from PIFRA SAP System & White Paper on Budget 2014-15

The education budget in 2014-15 has increased by 10 percent (Rs. 13.9 billion) compared with the allocated budget in 2013-14. Although the current budget has been raised by 13 percent compared to the previous year's allocation but the appreciable point is that major portion of the increase has been recorded for the non-salary budget which is very essential for day-to-day functioning of the schools. A meagre amount of Rs. 15 billion has been apportioned for development budget which is 11 percent lesser than the apportioned budget last year.

Net Enrolment Rate at Primary Level

<table>
<thead>
<tr>
<th>Boys</th>
<th>Girls</th>
</tr>
</thead>
<tbody>
<tr>
<td>57%</td>
<td>49%</td>
</tr>
</tbody>
</table>

Source: PSLM, 2012-13
Chart 4.2: Increase/Decrease in Education Budget 2013-14 and 2014-15

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Budget</th>
<th>Education Budget</th>
<th>Share of Education Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>90%</td>
<td>88%</td>
<td>95%</td>
</tr>
<tr>
<td>2014-15</td>
<td>10%</td>
<td>12%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: FABS Reports from PIFRA SAP System

4.1.2: Education Budget as a Proportion of Total Provincial Budget

About one fifth of the total provincial budget has been appropriated for education sector. In 2014-15, out of the total Rs. 686 billion provincial budget, Rs. 149 billion (22 percent) have been earmarked for education sector. This presents a decrease of 1 percent compared to the 23% allocation during the previous year.

Breakdown of the provincial budget into its components shows that 29 percent of the provincial recurrent budget has been allocated for education sector whereas only 7 percent of the provincial development budget has been allocated for education. This 7 percent share in the total budget earmarked for development purposes is too low to address all the development needs of the education system in the context of Article 25-A.

Table 4.2: Education Budget as Proportion of Total Provincial Budget (Rs. Million)

<table>
<thead>
<tr>
<th></th>
<th>Provincial Budget</th>
<th>Education Budget</th>
<th>Share of Education Budget</th>
<th>Provincial Budget</th>
<th>Education Budget</th>
<th>Share of Education Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2014-15</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>470,821</td>
<td>134,438</td>
<td>20%</td>
<td>355,074</td>
<td>118,662</td>
<td>33%</td>
</tr>
<tr>
<td>Development</td>
<td>215,359</td>
<td>15,047</td>
<td>7%</td>
<td>229,937</td>
<td>15,885</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>686,180</td>
<td>149,485</td>
<td>22%</td>
<td>585,911</td>
<td>135,547</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: FABS Reports from PIFRA SAP System

4.1.3 Composition of Education Budget 2014-15

The largest portion of the education budget for Sindh has been earmarked for primary education which will receive Rs. 57.6 billion (39 percent), followed by secondary education which has been allocated Rs. 42.9 billion (29 percent). The proportion of
budget allocated for these educational levels is almost similar to the apportioned budget last year. Higher education is expected to consume about 13 percent of the education budget whereas 19 percent of the budget will go to ‘others’.

Chart 4.3: Composition of Education Budgets 2013-14 and 2014-15

The trend in actual expenditure shows that, the expensed budget has always been less than the allocated budget.

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

4.2.1 Trends in Total Budget Allocations and Expenditures

The education budget of Sindh has shown a considerable increase over the last five years (see Table A4.1 in Annex). Since 2012-13, the allocations have increased from Rs. 109.3 billion to Rs. 149.5 billion in 2014-15, showing an increase of 33 percent. The trend in actual expenditure shows that, the expensed budget has always been less than the allocated budget. During 2012-13, 88 percent of the allocated budget was expensed whereas during 2013-14, the percentage even declined to 77 percent of the apportioned budget.

Source: NEMIS 2012-13
Chart 4.4: Percentage Change in Budgetary Allocations and Expenditures, 2010-11 & 2013-14

Note: A negative percentage refers to lesser budget expensed compared to that year's allocation. Figures for 2010-11 do not include district budget of education, whereas, figures for 2011-12 partially include district education budget. Figures for 2012-13 and onwards include district budgets as well.

Source: FABS Reports from PIFRA SAP System

The provincial government allocated Rs. 23.1 billion (excluding districts' budget) for education sector in 2010-11 out of which Rs. 14.3 billion (62 percent) were expensed. In 2011-12, Rs. 48.2 billion were apportioned for the education which showed a nominal increase of 109 percent compared with the allocation in 2010-11\(^5\) (partially covered the districts' budget and hence drastic increase in budget size). The expensed budget during 2011-12 was short of allocation by Rs. 3.9 billion. Rs. 96.3 billion were spent in 2012-13 against the allocated budget of Rs. 109.3 billion which showed an unspent amount of Rs. 13 billion (12 percent).

A substantial budgetary increase was recorded in 2013-14 where the allocation increased by 24 percent compared with 2012-13. However, Rs. 32 billion remained unspent during the year which shows 23 percent lesser expense compared with the allocation.

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\(^5\) Figures for 2010-11 do not include district budget on education, whereas, figures for 2011-12 partially include district education budget.
Primary education has received the highest share of education budget during the last few years. The budget allocated or expensed on primary education has been around 40 percent of education budget during the last 4 years followed by secondary education whose share has been around 30 percent of the education budget. Compared with the allocated budget last year, primary education has been apportioned 9 percent more budget in 2014-15. It is also worth noting that a substantial portion of Sindh education budget has been earmarked for higher education and ‘others’. Major share of ‘others’ goes to Sindh Education Reforms Program (SERP), mainly augmenting schools level education system.

4.2.2 Trends in Current Budget Allocations and Expenditures

Current budget has been consuming around 90 percent (or more) of the education budget for Sindh in the last few years. Rising from the allocated recurrent budget of Rs. 97.3 billion in 2012-13 to Rs. 134.4 billion in 2014-15, the allocation has increased by 38 percent. However, it is to be noted that the actual utilization of the budget has always been lesser than the allocated budget. In 2012-13, an amount of Rs. 6 billion remained unspent which is 6 percent of the allocated budget. The lapsed budget in 2013-14 was even higher where Rs. 20.5 billion (17 percent) were not expensed. The matter of concern in these cases is that the unspent budget was predominantly meant for non-salary expenditure rather than the salary-related expenditure.
Chart 4.6: 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 whereas a negative percentage refers to lesser budget expensed compared to that year’s allocation. Figures for 2010-11 do not include district budget on education, whereas, figures for 2011-12 partially include district education budget. Figures for 2012-13 and onwards include district budgets as well.

Source: FABS Reports from PIFRA SAP System

The current budgetary allocation for 2010-11 was Rs. 19 billion (only provincial level budget) which was raised to Rs. 40 billion in 2011-12 (district budget partially included). In 2012-13, Rs. 97.3 billion were earmarked for salary related budget, however, 6 percent of the budget could not be spent. This unspent budget was mainly allocated for non-salary expenditure. The budgetary allocation in 2013-14 increased by 22 percent to Rs. 118.7 billion but following the previous trend, 17 percent of the budget could not be spent, mainly owing to non-salary budget. In 2014-15, a hefty allocation of Rs. 134.4 billion has been made which constitutes 90 percent of the total education budget for the province.

Chart 4.7: Trends in Current Education Budget 2010-11 to 2014-15 (Rs. Billion)

Note: Figures for 2010-11 do not include district budget on education, whereas, figures for 2011-12 partially include district education budget. Figures for 2012-13 and onwards include district budgets as well.

Source: FABS Reports from PIFRA SAP System
Primary education has been receiving the largest share of current budget for the last few years followed by secondary education. In 2012-13, 43 percent of the education budget was apportioned for primary education, followed by secondary education (27 percent), higher education (15 percent) and ‘others’ (15 percent). Except for primary education where an additional amount of Rs. 2.8 billion was expensed during the year, all other levels consumed less than 100 percent of the allocated budget. Almost similar pattern of budgetary allocations was recorded for primary, secondary and higher education in 2013-14 where primary education received the largest share (43 percent) of the current education budget. However, in 2013-14, the expensed budget was less than 100 percent for all the levels. This year, the budget allocated for ‘others’ has increased substantially to 20 percent of the allocated current budget, increased over 17 percent of the last year. Higher education is expected to receive 12 percent of the recurrent budget in 2014-15.

Chart 4.8: Trends in Current Budget by Educational Level 2012-13 to 2014-15 (Rs. Million)

Major portion of the current budget has been apportioned for salary related expenses over the last few years. More than 85 percent of the recurrent budget has been consumed by salaries in 2012-13 and 2013-14. An increase of 30 percent has been recorded for salary budget in the last two years where the allocation has shown a steady rise from Rs. 78.2 billion in 2012-13 to Rs. 101.4 billion in 2014-15. Like the current budget, primary education has been the major consumer of salary budget...
during the last few years.

Although the role of non-salary budget in day-to-day functioning of the schools has always been acknowledged, but the budgetary allocations and more importantly the expenditure has been contradicting the importance attached to non-salary budget. Despite allocations of 20 percent or more for non-salary budget, the actual utilization of non-salary budget has been stagnant at around 12 percent during the last two years. This year, a significant amount of Rs. 33 billion (25 percent of the total current budget) has been earmarked for non-salary budget, however, seeing the past trends it remains to be seen as to what percentage of it is actually expensed.

4.2.3 Trends in Development Budget Allocations and Expenditures

The budget allocated for development purposes (expanding the education system infrastructure network and its maintenance) is far lesser than the needs of the education system, particularly in the context of Article 25-A. And more concerning is the fact that major share of the allocated budget remains unspent. During the last 4 years, the highest expensed percentage was recorded in 2012-13 where 41 percent of the allocated budget was expensed.

Chart 4.9: 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. Figures for 2010-11 do not include district budget on education, whereas, figures for 2011-12 partially include district education budget. Figures for 2012-13 and onwards include district budgets as well.

Source: FABS Reports from PIFRA SAP System

During the last 4 years, the highest expensed percentage for development budget was recorded in 2012-13 where 41 percent of the allocated budget was expensed.

No consistent trend can be seen for the development budget in the last few years under review. In 2012-13, Rs. 12 billion were allocated for development purposes
out of which only Rs. 4.9 billion (41 percent) were actually spent. The development budget was increased by 41 percent to Rs. 16.9 billion in 2013-14, however, the trend has changed in 2014-15 where 11 percent less budget has been allocated for development purposes. It is to be noted that the expensed budget during 2013-14 was even lesser than the previous year as only 33 percent of the allocated amount could be spent during the year.

**Chart 4.10: Priorities in Development Budget Allocation, 2014-15**

During 2012-13, the highest share of development budget (47 percent) was earmarked for higher education, followed by 21 percent allocation for secondary education, 19 percent for primary education whereas 13 percent of the budget was apportioned for 'others'. The trend changed a bit in 2013-14 where the largest portion of the development budget (48 percent) was allocated for secondary education. This was followed by higher education, receiving 30 percent of the allocated budget. Primary education was apportioned only 8 percent of the development budget in 2013-14. Similar trend can be seen in allocation for 2014-15 except for the fact that primary education has now been allocated a bit higher proportion of the development budget, i.e., 13 percent. It is strange to see the pattern of allocations for development budget where a huge share of development budget is appropriated for higher education and primary education receives minimal share; as federal government still remains the major financier of higher education and also that the government’s major focus should be on primary education.