



UNESCO Islamabad

United Nations
Educational, Scientific and
Cultural Organization

Macro Trends in Financing of Education in Pakistan:



Author: Dr. Eshya Mujahid Mukhtar
Published by UNESCO Islamabad, Pakistan
UNESCO Office, Serena Business Complex,
7th Floor, Sector G-5, Islamabad
Email: Islamabad@unesco.org
Website: <http://www.unesco.org.pk>

©UNESCO 2011
All rights reserved

ISBN 978-969-8035-12-9 (Print version)
ISBN 978-969-8035-13-6 (Electronic version)

The designations employed and the presentation of material throughout this publication do not imply the expression of any opinion whatsoever on the part of UNESCO concerning the legal status of any country, territory, city or area or if its authorities, or concerning the delimitation of its frontiers or boundaries.

The author is responsible for the choice and the presentation of the facts contained in this book and for the opinions expressed therein, which are not necessarily those of UNESCO and do not commit the Organization.

Design/Layout: Prang Priyatruk
Printed by Al-Noor Printers
Pakistan/OS/039-1



United Nations
Educational, Scientific and
Cultural Organization

Macro Trends in Financing of Education in Pakistan

An Analysis of Public Sector Allocations and Expenditures

UNESCO Islamabad

Pakistan

2011

Foreword

Pakistan has a very low ranking in the Human Development Index (HDI) and the Education Development Index (EDI). With its about 50 million illiterate population of age 10 plus and approximately 7 million primary-aged children out-of-school, the achievement of the EFA goals and education-related Millennium Development Goals (MDGs) by 2015 may not be possible unless certain concrete measures are taken. These measures may include the increasing budgetary allocations and expenditures on education, enhancing the quality of education to reduce drop-out rates and improving the institutional capacity of education system.

This study on Macro Trends in Financing of Education in Pakistan was designed and coordinated by the UNESCO Islamabad office with the aim of accumulating the information required to advocate for increased resources for public sector education in Pakistan.

The percentage of public sector expenditure on education is an important indicator of a country's commitment to achieving the Education for All goals as it represents the level of commitment of a government to educational development in the country. So far, the international community has relied mainly on the education spending figures provided by Pakistan Government sources. Conflicting figures from different Government sources has created the need for independent compilation and analysis of such data.

It is not easy to collect financial data about actual spending on various sub sectors of education from the various provinces, districts, and line departments in Pakistan. This report therefore faces limitations in terms of the validity and accuracy of data. However, we are hopeful that report of this study will be useful for the planners, researchers and decision makers to formulate strategies for improving financing of education at national and provincial levels.

I acknowledge and appreciate the professional contribution of **Dr. Eshya Mujahid Mukhtar** in collection and analysis of information and data and compilation of this valuable document.

Kozue Kay Nagata (Ph.D)
Director/ Representative
UNESCO Islamabad

Contents

PART I: Key trends in education expenditure	1
1.1. Introduction.....	1
1.2. Actual expenditure and trends	3
PART II: Budgetary allocations and expenditures	11
2.1. Budgetary allocations	11
2.2. Distribution of education budget between recurrent and development activities	13
2.3. An analysis of education budgets.....	14
2.4. An analysis of actual education expenditures	24
PART III: Expenditure on literacy and non-formal basic education	29
3.1. Expenditure on literacy.....	29
3.2. Expenditure on non-formal basic education	30
ANNEXES	31
Annex A: Annual national, federal and provincial education budgets	31
Annex B: KP Literacy Expenditure	38
Annex C: KP Change in education expenditure	39

PART I: Key trends in education expenditure

1.1. Introduction

Education is a key to development. Free and compulsory basic education is a fundamental right of all human beings, including children, youth and adults. Since provision of free basic education is the responsibility of the state, therefore it is imperative that public sector education budget is enhanced to reach the unreached. There is a direct relationship between ratio of spending on education by a country and education level of its people. This study was conceived, designed, and conducted to achieve goals and objectives mentioned below:

The goal of the study is to present national trends on financing of education in the context of achievement of the EFA goals and MDGs, and the Fiscal Responsibility and Debt Limitation Act 2005 (in which a doubling of the education budget was promised). More specifically, **its key objectives include:**

- i. Collection of recent and reliable data about budget allocations for education at the federal and provincial levels, and actual expenditure in terms of GDP;
- ii. Analysis of the data on budget allocations or actual expenditure on education to ascertain trends and the priority accorded by the federal and provincial governments to the education sector as a whole, in terms of the ratio of the education budget to the total budget, and sub-sector ratios within the education budget;
- iii. Compilation of inter-provincial comparison of education expenditure within overall annual budgets or expenditures of each province;
- iv. Calculation of per child and per student expenditure in terms of per capita income, an international indicator, and the per child expenditure in terms of the total population of children, including out of school children, in a province; and
- v. Estimation of per illiterate adult and per adult learner budget and expenditure at the federal and provincial levels.

According to Article 3.3.6 of the Fiscal Responsibility and Debt Limitation (FRDL) Act of 2005, Pakistan has committed to doubling, between 2005 and 2015, the expenditure on education and health in terms of percentage of GDP.

In a recent Economic Survey published by the Government of Pakistan, the expenditure on education during 2008-09 was recorded as 2.1 percent of GDP and had declined from 2.24 percent of GDP in the year 2005-06. If Pakistan is to reach the target of doubling the education budget by 2015, the expenditure on education should have been 3.01 percent of GDP by 2008-09.

The table below shows the required growth in the education budget between 2005 and 2015, and actual figures between 2005 and 2009.

Table 1a. Required vs actual change in education expenditure as percentage of GDP

	2004-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15
Required	2.2	2.4	2.6	2.8	3.0	3.2	3.4	3.7	3.9	4.1	4.3
Actual	2.2	2.2	2.5	2.5	2.1	2.0					

Source: Economic Survey 2008-09

The National Education Policy (NEP), approved on 9 September 2009, recommends that by 2015 the budget allocation to the education sector should be 7 percent of GDP. Given this assumption, some key education indicators can be estimated on the basis of actual values for GDP and government expenditures and total education expenditures¹ in 2007/08 and the PRSP-II projected values for 2008/09-2013/14, as shown in the table below.

Table 1b: Projections of key education indicators for NEP target of 7 percent of GDP for education

	2007-08#	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Education Expenditure as % GDP*	1.8	2.2	2.6	3.2	3.8	4.7	5.7	6.9
GDP (PKR, billions)**	10284.4	12969.7	14297.8	15838.4	17712.1	19900.9	22571.6	25393.0** *
Education Expenditure (PKR, billions)****	182.6	281.9	373.8	499.9	677.2	924.4	1276.8	1752.7
Government Total Expenditure (PKR, billions)*****	2279	2535	2746	3069	3495	3915	4401	4952
Education Expenditure in Total Govt. Expenditure (%)	8.0	11.1	13.6	16.3	19.4	23.6	29.0	35.4

Based on National Education Policy projection that allocation to education will be 7 percent of GDP in 2014-15.

¹ Allocations to total education are available at the federal and provincial levels but not at the district level. Therefore, this exercise uses “expenditures”.

All values for 2007/08 are actual values

*Based on values derived on the basis of exponential (assuming that the increase would be relatively higher in later years) function in Graph 1, using actual value for 2007/008, and limiting the value at 7% in 2014-2015.

** Source: GDP 2008/09-2013-14: PRSP II

*** 2014-15: GDP projected on the basis of growth rate of 12.5%

**** Education Expenditure: actual value for 2007/08; but calculated on the basis of estimated percentage of education expenditure per GDP

***** Source: 2007/08: Government Total Expenditure 2007/08- 2012/13: PRSP-II; for 2013-14 and 2014-15, projected on the basis of 19.5% of GDP

Crude calculations indicate that if the budget allocation to education rises to 7 percent of GDP, the percentage of education spending in total government expenditure will rise from 8 percent in 2007/08 to 20 percent in 2011-12 and will reach 35.4 percent in 2014-15.

Given the Pakistan Government's commitments to defence spending, interest repayments and other "heavy expenditure" sectors such as power and irrigation, spending 35 percent of total government expenditure on education is unlikely.

1.2. Actual expenditure and trends

Actual expenditure data obtained from the Ministry of Finance, Government of Pakistan² reveals that education expenditure as a percentage of total budgetary expenditure has ranged between 8 and 10 percent, while as a percentage of GDP, as well as of GNP, education expenditure has never exceeded 1.8 percent, as shown in the tables below:

Table 1c. Trends in education expenditure* as percentage of total expenditure

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09**
Education Expenditure (Pakistani Rupees, millions)	56506	66290	78447	97697	116873	141702	162084	182646	195602
Total Expenditure (PKR, millions)	717900	826250	898200	956000	1116981	1401900	1799968	2276549	2535000
Educ. Exp as % of Total Expenditure	7.9%	8.0%	8.7%	10.2%	10.5%	10.1%	9.0%	8.0%	7.7%

*Expenditures include federal, provincial and district education expenditures

² For the period 2000/01-2007/08 data obtained from the provinces/districts and compiled by the Ministry of Finance

** Estimated by PRSP-II January 15, 2009; Tables 4.2 and 13.3

Sources: For Education Expenditure: Ministry of Finance, Govt. of Pakistan; For Total Expenditure: Economic Survey (2008/09)

Table 1d. Trends in education expenditure* as percentage of GDP and GNP

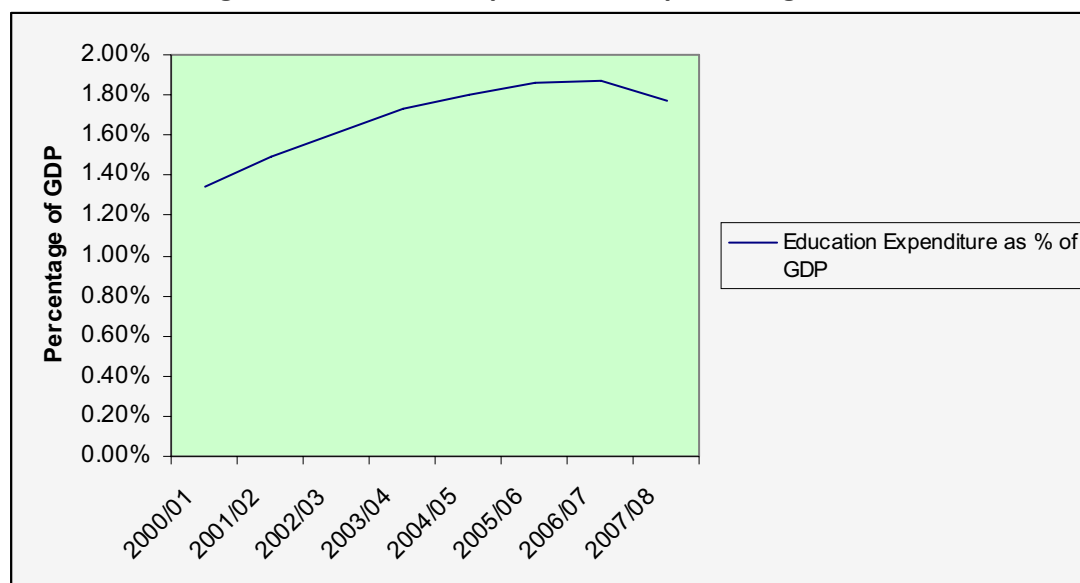
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09* *
Education Expenditure (Rs m)	56506	66290	78447	97697	116873	141702	162084	182646	195602
GDP (Rs m)	4209873	4452654	4875648	5640580	6499782	7623205	8673007	10284380	12970000
Educ. Exp. as % of GDP	1.3%	1.5%	1.6%	1.7%	1.8%	1.9%	1.9%	1.8%	1.5%
GNP (Rs m)	4155391	4476319	5027460	5765058	6634243	7773106	8830638	10494181	13502906
Educ. Exp. as % of GNP	1.4%	1.5%	1.6%	1.7%	1.8%	1.8%	1.8%	1.7%	1.5%

*Expenditures include federal, provincial and district education expenditures

** Estimated by PRSP-II January 15, 2009; Tables 4.2 and 13.3

Sources: For Education Expenditure: Ministry of Finance, Govt. of Pakistan; For Total Expenditure and GDP: Economic Survey (2008/09); For GNP: FBS National Accounts

Figure 1: Education expenditure as percentage of GDP



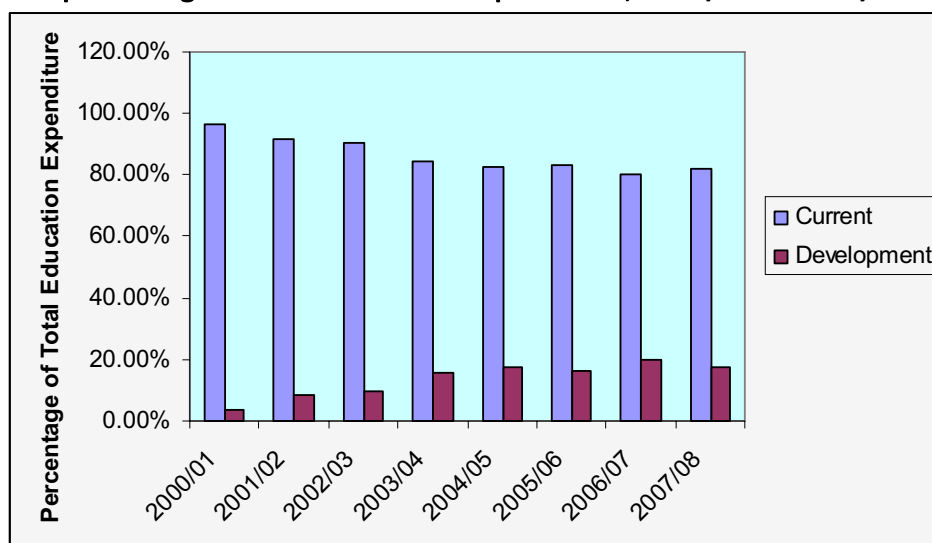
Source: Ministry of Finance; Govt. of Pakistan

Figures on education expenditure show that between 2000/01 and 2007/08, recurrent³ expenditure has been predominant i.e., around 80 or 90 percent of the total education

³ Recurrent expenditure is all expenses incurred on inputs/factors to operate or maintain assets.

expenditure. The percentage of development⁴ spending began to rise considerably, however from 2003/04 onwards, largely due to the development schemes implemented under the education sector reform programmes in Punjab and Sindh. Figure 2, below, shows this trend in increased development spending.

Figure 2: Comparison of recurrent education expenditure and development expenditure as a percentage of total education expenditure, 2000/01 to 2007/08



Source: Ministry of Finance, Govt. of Pakistan

According to the available data, primary education has been the largest sub-sector for education spending, representing between 32 and 47 percent of education expenditure, as shown in Table 2. This is followed by the secondary education sector, in which there is a declining trend in spending over time; while the tertiary education sector has increased in terms of expenditure priority, largely due to high allocations to, and spending by, the Higher Education Commission.

Table 2: Distribution of expenditure* among the education sub-sectors, 2000/01 to 2007/08

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Primary Education	48%	47%	42%	44%	42%	38%	33%	34%
Secondary Education	28%	25%	26%	24%	24%	24%	21%	23%
Tertiary Education	16%	18%	21%	20%	23%	27%	27%	26%
Teachers Training & Vocational	3%	5%	2%	2%	2%	1%	2%	1%

⁴ Development expenditure is government expenditure incurred to create new assets.

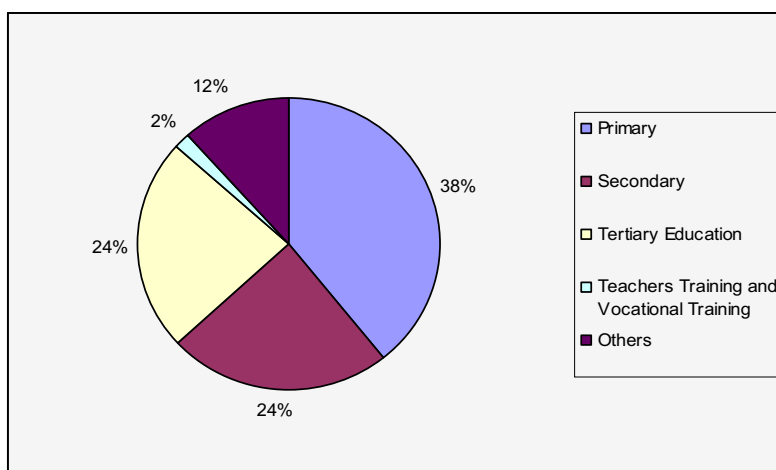
Training								
Others	5%	5%	9%	10%	9%	10%	17%	16%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%

*Expenditures include federal, provincial and district education expenditures

Source: Ministry of Finance; Govt. of Pakistan

Of total education expenditure between 2000/01 and 2007/08, 38 percent was spent by the primary education sector and 24 percent each by the secondary and tertiary sectors, as illustrated in Figure 3 below.⁵

Figure 3: Distribution of education expenditure among sub-sectors (2001-08)



Source: Ministry of Finance, Govt. of Pakistan

Statistics show that public recurrent expenditure on primary education was 48 percent of total public recurrent expenditure on education at the beginning of the decade but has slipped to 38 percent over time due to higher expenditure on tertiary education, as shown in Table 3.

Table 3: Public recurrent expenditure on primary education* as percentage of total public recurrent expenditure on education

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Public recurrent expenditure on primary education (PKR,	26374	29333	32651	36909	43292	50587	49587	57675

⁵ Expenditure on Teachers Training and Vocational and Technical Education has been aggregated into a single category.

millions)								
Public recurrent expenditure on education (PKR, millions)	54574	60798	70936	82415	96581	118274	130313	150337
Primary education as % of Total education	48%	48%	46%	45%	45%	43%	38%	38%

*Expenditure includes federal, provincial and district recurrent education expenditure on primary education
Ministry of Finance, Govt. of Pakistan

According to the data for the period between 2000/01 and 2006/07, nominal expenditure per primary student varied between Rs 2,800 and Rs 4,600 while the real expenditure (adjusted for inflation) per primary school student ranged between Pak Rs. 2,600 and 3,500, with maximum values attained in 2003/04 and 2004/05 (Table 4a).

Table 4a: Trend in expenditure per primary school student (nominal and real), 2000/01 to 2006/07

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Primary Education Expenditure per Student (in nominal PKR)	2844	3255	3358	4273	4610	4283	4497
Primary Education Expenditure per Student (in real* PKR)	2634	2940	2906	3433	3462	2910	2834

* Nominal expenditure for each year is adjusted by GDP deflator to yield real expenditure

Source: For Education Expenditure: Ministry of Finance, Govt. of Pakistan; For School enrolments, Education Statistics of Pakistan 2000/01-2006/07

For secondary school, nominal expenditure per student varied between Rs. 4,000 and Rs. 6,800 while real expenditure per student ranged between Pak Rs. 3,600 and 4,600, with a maximum values attained in 2005/06 (Table 4b).

Table 4b: Trend in expenditure per secondary school student (nominal and real), 2000/01 to 2006/07

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Secondary Education Expenditure per Student (in nominal PKR)	3900	4069	4874	5305	5970	6774	6631
Secondary Education Expenditure per Student (in real* PKR)	3611	3676	4217	4262	4482	4603	4180

* Nominal expenditure for each year is adjusted by GDP deflator to yield real expenditure

** Nominal expenditure for each year is adjusted by CPI to yield real expenditure

Sources: For Education Expenditure: Ministry of Finance, Govt. of Pakistan; For School enrolments, Education Statistics of Pakistan 2000/01-2006/07

In terms of purchasing power parity in US Dollars, per pupil recurrent primary expenditure ranged between \$186 and \$216 (Table 5a). As a percentage of GNP per capita, this fluctuated between 8%-10% (Table 5b).

Table 5a: Public recurrent expenditure on primary education per pupil (unit cost) at purchasing power parity (PPP) in USD

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Public recurrent expenditure on primary education at PPP in USD	1767	1970	2083	2081	2313	2609	2501
Number of pupils	9499039	9619075	9905619	10135577	10692475	12569634	11727533
Public recurrent expenditure on primary education per pupil at PPP in USD	186	205	210	205	216	208	213

Source: The PPP PKR/USD exchange rate is derived from the Mundi website.

Table 5b: Public recurrent expenditure on primary education per student as percentage of GNP per capita in USD

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Public recurrent expenditure on primary education (USD m)	451.5	477.3	557.7	640.9	719.6	845.3	818.0
Number of students	9499039	9619075	9905619	10135577	10692475	12569634	11727533
GNP per capita (USD)	501	503	579	669	723	836	921
Public recurrent expenditure on primary education per student as % of GNP per capita	9.5%	9.9%	9.7%	9.5%	9.3%	8.0%	7.6%

Adult literacy and non-formal basic education (NFBE) have always received very low priority in terms of budget allocation. The most recent data indicates that expenditure on adult literacy and NFBE has generally remained below 1 percent of total education expenditure (Table 6).

Table 6: Trends in adult literacy and NFBE expenditure, 2005/06 to 2008/09

	2005/06		2006/07		2007/08		2008/09	
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure
Federal Budget (PKR, millions) *	100	100	100	6	50	31	50	8
Punjab* (PKR, millions)	200	180	275	199	1200	650	1250	682
KP (PKR, millions)	237	260	150	160	270	252	50	105
NEF (NFBE) (PKR, millions)			705	705	1184	1100	2362	750
Total Literacy & NFBE Expenditure (PKR, millions)	537	540	1230	1070	2704	2033	3712	1545
Education Expenditure (PKR millions)		141702		162084		182646		195602

Literacy expenditure % of total education expenditure		0.4%		0.7%		1.1%		0.8%
---	--	------	--	------	--	------	--	------

* For the federal level and Punjab province, expenditure is "revised" budget estimates

PART II: Budgetary allocations and expenditures

This five-year analysis relies on data published in budget documents of the federal and provincial governments between 2005/06 and 2009/10.

2.1. Budgetary allocations

Between 2005/06 and 2009/10, actual budgetary allocations to education by the federal and provincial Governments⁶ tripled i.e., increased from Pak Rs. 59 billion in 2005/06 to Pak Rs. 148 billion in 2009/10. In this, increases in both recurrent as well as development budgets were the contributing factors. The development budget quadrupled in absolute or nominal terms, i.e., from Pak Rs. 17 billion in 2005/06 to Pak Rs. 71 billion in 2009/10, while the recurrent budget almost doubled in absolute or nominal terms, i.e., from Pak Rs. 42 billion to Pak Rs. 77 billion (Table 7). These changes were mainly due to large increases in education development budgets in Punjab (over 300 percent) and Sindh (over 500 percent) where education sector reform packages have been implemented.⁷

A comparison of “Revised Estimates” with original budget allocations reveals that the releases for recurrent expenditure are much higher than development expenditures, as shown in Table 7. This is perhaps because salaries have to be paid irrespective of allocations, while development expenses are often subject to budget cuts in periods of fiscal crunch.

**Table 7: National (federal and provincial) budget allocations and expenditures on education*
(in Pak Rs. million)**

	2005/06		2006/07		2007/08		2008/09		2009/10
	Budget	Revised**	Budget	Revised	Budget	Revised	Budget	Revised	Budget
Recurrent Expenditure	42151	43698	48680	45812	67093	55196	69966	74170	77196
Development	16884	13267	24496	16721	52015	36690	62600	46038	71321
Total Education	59036	56965	73176	62533	119108	91886	132566	120208	148517
% Revised/Budget									
Recurrent Expenditure		104%		94%		82%		106%	
Development		79%		68%		71%		74%	
Total Education		96%		85%		77%		91%	

*Do not include district data

⁶ Does not include district allocations

⁷ Refer to Annex for education budget details at federal and provincial levels (2005/06 to 2009/10).

Revised Estimates are prepared on the basis of nine month (or until the latest month) data for actual expenditure, supplemented by projections for the remaining part of the year.

Between 2006 and 2010, the average allocation to education as a percentage of the total budget was 4 percent. At the federal government level the allocations were between 2 and 3 percent, while at the provincial level the percentages have been somewhat higher, i.e., ranging from 6 to 10 percent (Table 8).

These differences are because while education is a concurrent function i.e., could be jointly performed by the federal and provincial governments, the bulk of responsibility for delivering school and college education lies with the sub-national governments. Moreover, the federal government has considerable responsibilities regarding defence and debt servicing expenditures.

Table 8: Allocations to Education as percentage of the total budget
(in Pak Rs million)**

	2005/06		2006/07		2007/08		2008/09		2009/10
	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget
National (federal & provincial)	4%	3%	4%	3%	5%	3%	5%	4%	4%
Federal	2%	2%	2%	2%	3%	2%	3%	2%	3%
Provincial	8%	7%	8%	6%	9%	6%	10%	9%	9%
Punjab	6%	3%	8%	6%	11%	7%	13%	10%	9%
Sindh	4%	5%	8%	5%	8%	6%	8%	7%	8%
Khyber Pakhtunkhwa	23%***	21%***	5%	4%	5%	5%	5%	10%	9%
Balochistan	7%	5%	6%	5%	7%	5%	7%	5%	7%

* Do not include district data

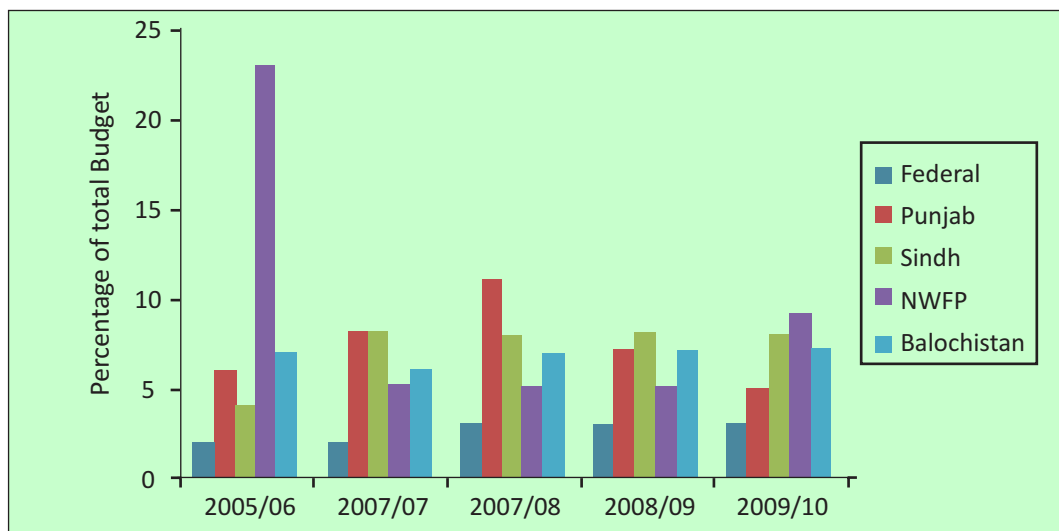
**As percentage of respective total budgets.

*** Higher level of devolution in KP after 2005/06: See Annex D

When comparing figures across provinces, in 2005/06 Khyber Pakhtunkhwa (KP) previously known as North-West Frontier Province (NWFP), in contrast to other provinces, had a relatively large percentage (23 percent) of its budget allocated to education, with percentage allocations slipping drastically in the following years, as illustrated in Figure 4. The decline in allocations to education has been largely because of the higher level of devolution in KP after 2005/06. Punjab instituted a better mechanism for implementation of its programme in the shape of the Punjab Education Sector Reform Programme (PESRP) and, as such, the percentage allocations increased in the first three years and then declined in 2009/10. In Sindh, the allocations remained somewhat constant.

increased in the first three years and then declined in 2009/10. In Sindh, the allocations remained somewhat constant.

Figure 4: Percentage of budget allocation* to education, 2005/06 to 2009/10



* As percentage of respective total federal or provincial budgets.

2.2. Distribution of education budget between recurrent and development activities

During the five years between 2005/06 and 2009/10, budgetary allocations to recurrent activities were significantly higher (between 52 and 77 percent) than those for development⁸ (between 23 and 48 percent).

In Sindh, the recurrent allocations have always remained significantly higher than development. This is mainly because expenditure in its Education Sector Reform Programme are classified as recurrent while under the Punjab Education Sectors Reforms Programme (PESRP) expenditures such as provision of missing school facilities are considered as development expenses.

⁸ In Pakistan, development expenditures are mainly on brick and mortar with limited allocations to research or improvements in curricula.

Table 9: Distribution of education budgetary allocations and expenditures* between recurrent and development heads (in Pak Rs million)

	2005/06		2006/07		2007/08		2008/09		2009/10
	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget
National									
Recurrent	71%	77%	67%	73%	56%	60%	53%	62%	52%
Development	29%	23%	33%	27%	44%	40%	47%	38%	48%
Federal									
Recurrent	77%	80%	73%	82%	49%	53%	50%	54%	50%
Development	23%	20%	27%	18%	51%	47%	50%	46%	50%
Provincial									
Recurrent	68%	75%	63%	66%	61%	67%	54%	66%	53%
Development	32%	25%	37%	34%	39%	33%	46%	34%	47%
Punjab									
Recurrent	40%	79%	54%	72%	54%	67%	47%	78%	49%
Development	60%	21%	46%	28%	46%	33%	53%	22%	51%
Sindh									
Recurrent	80%	49%	89%	70%	85%	76%	76%	66%	73%
Development	20%	51%	11%	30%	15%	24%	24%	34%	27%
KP									
Recurrent	92%	91%	49%	48%	55%	55%	53%	26%	32%
Development	8%	9%	51%	52%	45%	45%	47%	74%	68%
Balochistan									
Recurrent	38%	38%	35%	36%	51%	52%	50%	64%	54%
Development	62%	62%	65%	64%	49%	48%	50%	36%	46%

*Do not include district data

Source: Budget Documents

2.3. An analysis of education budgets⁹

Any analysis of the education sector budget in Pakistan suffers from the lack of complete data at the district level. This is because while the district governments are responsible for a large percentage of education spending, the district budgets take a long time to be approved and most of the district budgets approved by the district councils fail to give detailed accounts of expenditure. Furthermore, in many case the budgets are approved mainly as block allocations. Hence, the present analysis focuses solely on the federal and provincial budgets.

This analysis uses “Revised Estimates” as an indicator of public expenditure because of the long delays in the release of actual expenditure data by the Ministry of Finance. The conclusions of this report need to be treated with some caution, however, as technically, “Revised Estimates”

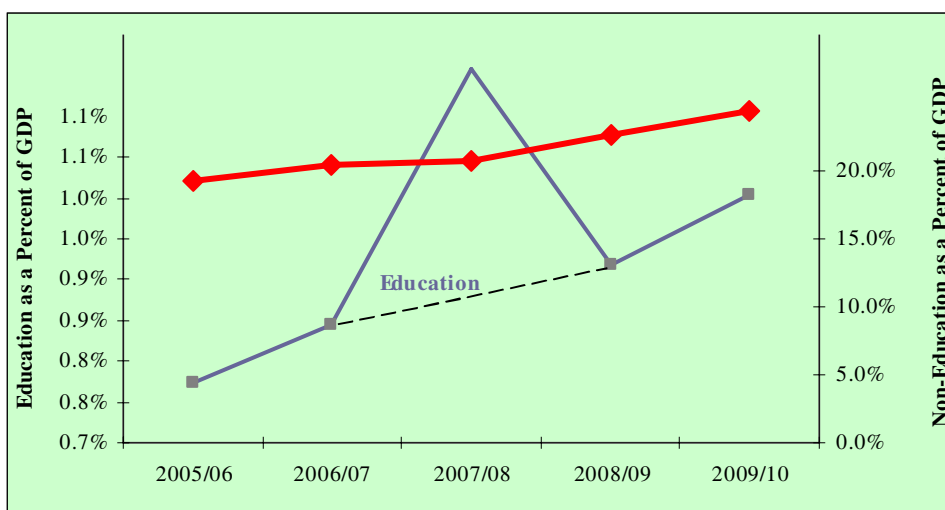
⁹ Analysis of federal and provincial budget and revised estimates do not include district data

are prepared on the basis of nine month (or until the latest month) data for actual expenditure, supplemented by projections for the remaining part of the year. Furthermore, the accuracy of “Revised Estimates” as an indicator of expenditure has waned somewhat in recent years, because as soon as these “Revised Estimates” reach the Ministry of Finance it issues circulars to every line department making these revised estimates the “final authority to spend” during the year. In response, the departments have started quoting higher than actual “Revised Estimates” in case last-minute spending requires more funds. The expenditure data therefore reveal a more or less set pattern where the “Revised Expenditure” falls short of the “Budget Allocation” and actual (audited) expenditure is even lower than the “Revised Estimates”.

An examination of the expenditure trends in education and non-education indicates that non-education expenditure has shown a much steadier trend than education spending. There was a sharp spike in education expenditure in 2007/08 when education expenditure jumped by 39 percent in nominal terms (i.e. from 0.8 percent of GDP in 2006/07 to 1.2 percent of GDP in 2007/08).¹⁰ This spike makes 2007/08 an “outlier” or exceptional year, which is surprising because 2007/08 was fiscally a bad year for Pakistan as a large and sudden increase in international oil prices and food prices caused budgetary subsidies to soar. With a fiscal deficit mounting, the finance authorities normally would take action to keep other expenditures low. The sharp increase in education spending in such a context is therefore unexpected.

Figure 5a shows the recent trends in education and non-education expenditure over the past four years.

Figure 5a: Recent trends in education and non-education expenditure

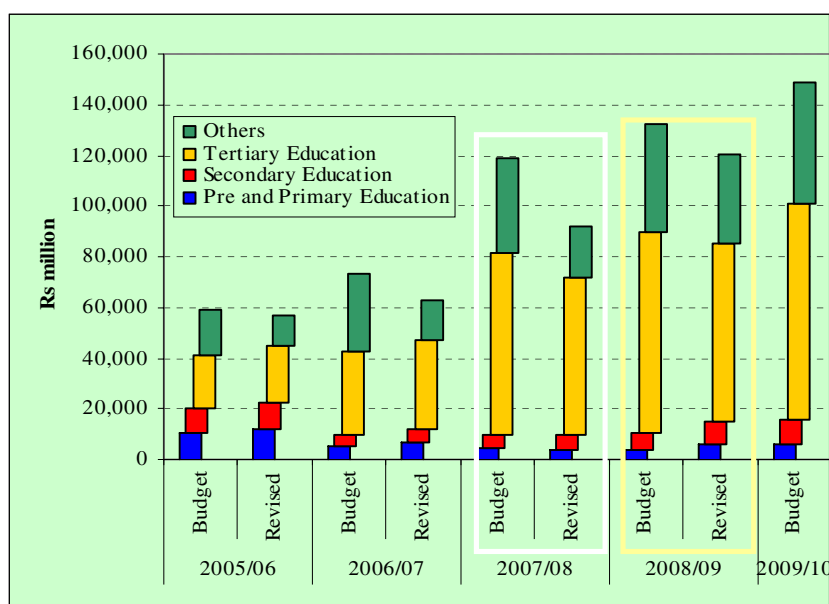


¹⁰ This excludes district budgets

This sharp spike can be partly explained by looking at the budget allocation for the year. In 2007/08, owing to a very large (45 percent) increase in allocation for tertiary education, the overall allocation for education was increased by 21 percent. Hence, although, due to the adverse fiscal situation expenditure on education fell short of the budget allocation by 18 percent, it still showed a significant increase compared to 2006/07.

For 2005/06 and 2006/07, shortfalls in education expenditures vis-à-vis the budgets were quite small, whereas for 2007/08 and 2008/09 the expenditures fell substantially short of budget allocations. This indicates that in education sector the spending matched (or even exceeds) the budget allocation in periods of fiscal prosperity but fell drastically short of budget in periods of fiscal austerity. This “fair-weather-friend” treatment meted out to education reflects the relative low ranking of the education sector in the government’s budgetary priorities. Figure 5b shows the composition of education budgets and expenditure.

Figure 5b: Federal and provincial total education budgets and expenditures



The figures indicate that the education sector has not received more than 5 percent share in aggregate budget of the federal and provincial governments, with tertiary education allocated almost 60 percent of the education sector budget.

Figure 5c: The share of education in the overall budget

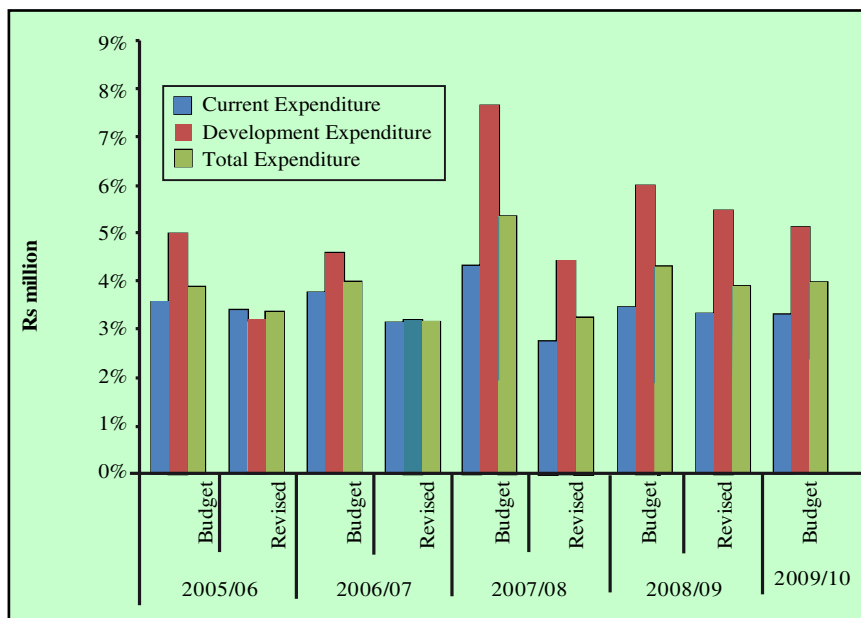
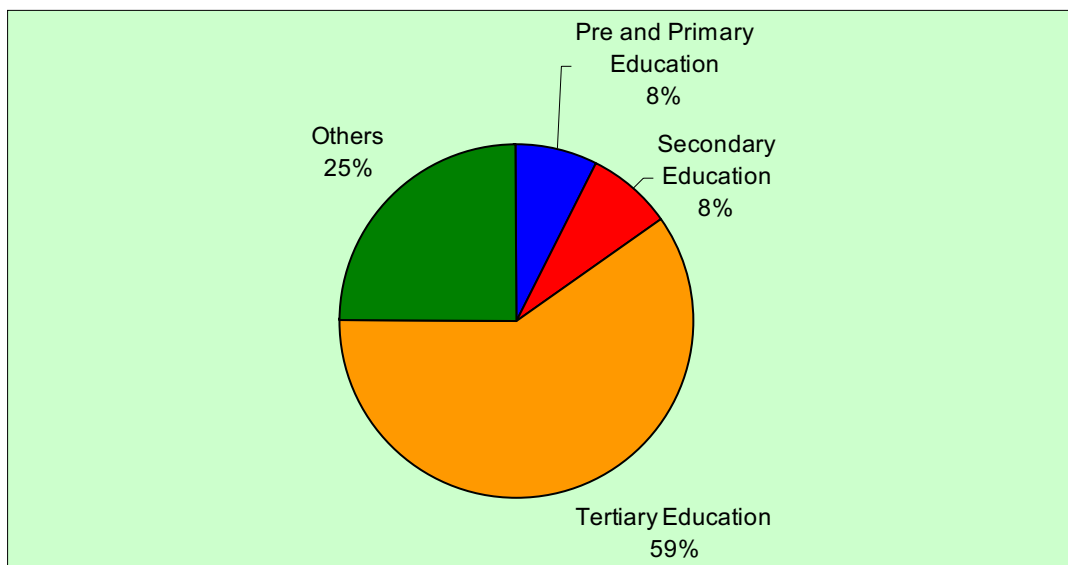


Figure 5d: Sub-sector shares in education sector budgets, 2005/06 to 2008/09



Since 2007/08 there has been a huge increase in budgets for tertiary and “other” education sectors. The increase in the budget for tertiary education is due to a large increase in the federal budget for the Higher Education Commission and reversion of responsibility for college education from the district to the provincial level of government. The increase in the budget for “other” education is an outcome of higher allocations for “education sector administration”, mainly in the provincial budgets. This increased allocation for “administration” is partly due to salary increases that were announced in the budgets but, more importantly, the allocation for administration includes allocations for all the initiatives taken under the provincial education sector reform programmes in Punjab and Sindh.

Relatively low (nominal) allocations for primary and secondary education are understandable as these two sub-sectors are the responsibility of district governments which do not form part of this analysis. Since 2006/07 allocations (and expenditures) on these two sub-sectors have been squeezed to make room in the budget for tertiary and other education.

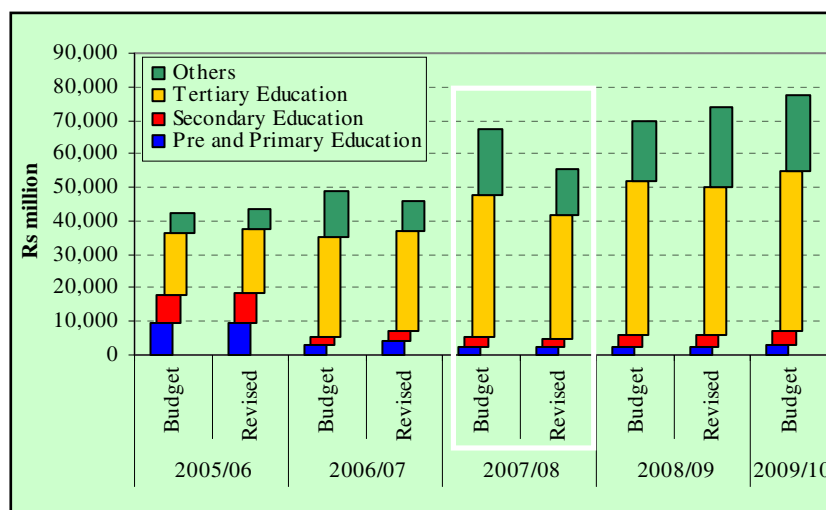
As delivery of education services is a labour intensive activity, recurrent expenditure is much more relevant than development expenditure for a sector analysis. Recurrent expenditure is much more rigid, however, as a very large proportion of it is allocated for personnel-related expenses. Recurrent expenditure on education fell substantially short of the budget only in 2007/08 – the year of acute fiscal crunch. This was possible only because there was a sizable increase in recurrent budget during the year.

Part of the shortfall in recurrent expenditure is due to the budgetary protocol, however. In Pakistan, the budget procedures prescribe full budgeting for all sanctioned posts, even if they are vacant. Because many posts remain vacant throughout the year and even those filled during the year are not filled on the first day of the fiscal year, the budgetary procedures ensure a significant saving from salary expenditure. With the education sector being one of the biggest employers in provincial governments, this protocol provides substantial budgetary savings. This saving is generally utilized for other purposes (within or outside the education department) during the year.

Figure 5e presents the aggregate¹¹ recurrent budgets and expenditures (“Revised Estimates”) of the federal and provincial governments.

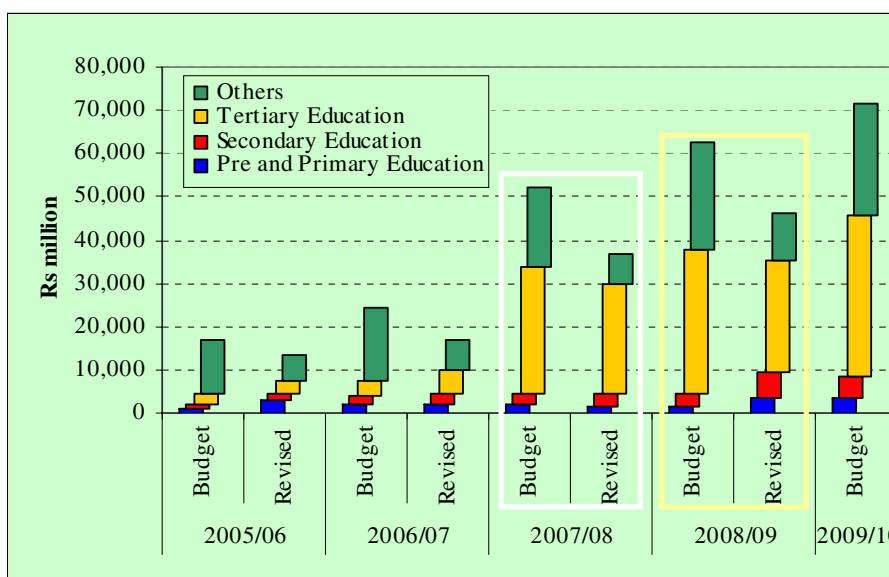
¹¹ Aggregate expenditures are a simple addition of government expenditures for which the analysis is being undertaken.

Figure 5e: Federal and provincial recurrent budgets for, and expenditures on, education



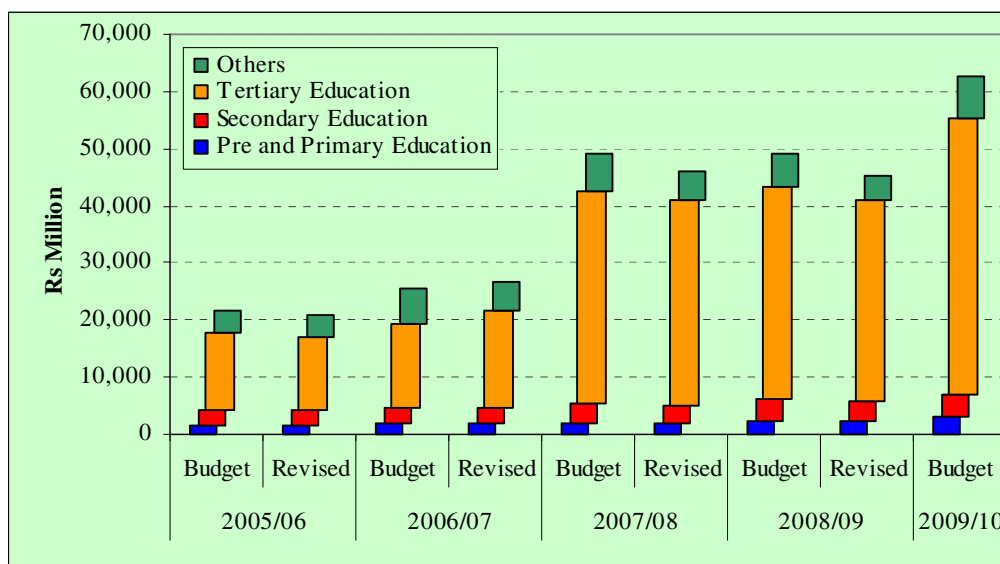
Development expenditures fell short of budgets in every year of this analysis. This is mainly for two reasons. First, development expenditure, because of its greater flexibility, is a more logical candidate for cuts in situations of fiscal adversity. Second, implementation capacity is much more relevant for development expenditure than it is for recurrent expenditure. The education sector is known to have poorer implementation capacity than physical infrastructure sectors. This is partly because, unlike other sectors, the education sector is managed by teachers, rather than bureaucrats, who are less qualified to manage the intricacies of development activity. Moreover, the implementation of development activity is more complex and requires higher per unit administrative costs solely because it involves small civil works, depriving the department of economies of scale. The matter is made even more complicated by the devolution exercise. A large portion of sector development budgets in the provinces is implemented by district governments, although financed through provincial budgets. This creates a host of problems, ranging from different budgetary priorities at the provincial and district levels to cumbersome processes for release of funds. Various mechanisms have been instituted to improve coordination at two levels of government, including “terms of partnership” in Punjab and Sindh. Nonetheless, problems continue to arise.

Figure 5f: Federal and provincial development budgets for, and expenditures on, education



The figures for the federal government’s education budget and expenditure show a clear break in trends in 2007/08, when the budget (and spending) for tertiary education was almost doubled. Figures 6a, 6b and 6c illustrate the federal government’s education budget and expenditure.

Figure 6a: Federal total education budgets and expenditures, 2005/06 to 2009/10



While the federal education sector recurrent allocations (and expenditure) show a relatively smooth upward trend, the structural break is very pronounced for the development budget (Figure 6c). This is perhaps due to high allocation to higher education.

Figure 6b: Federal recurrent budgets for, and expenditures on, education

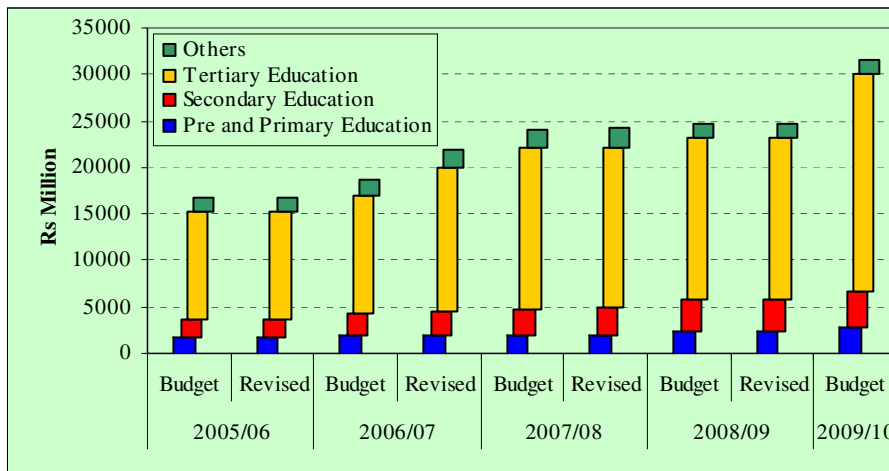
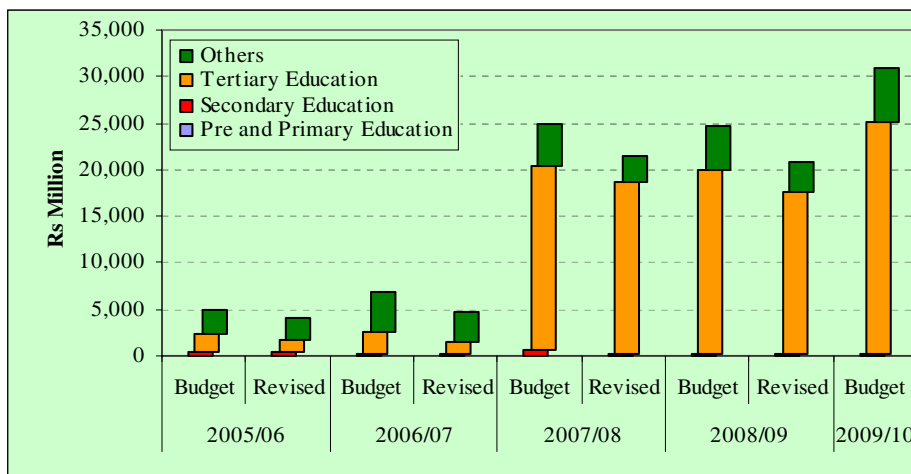


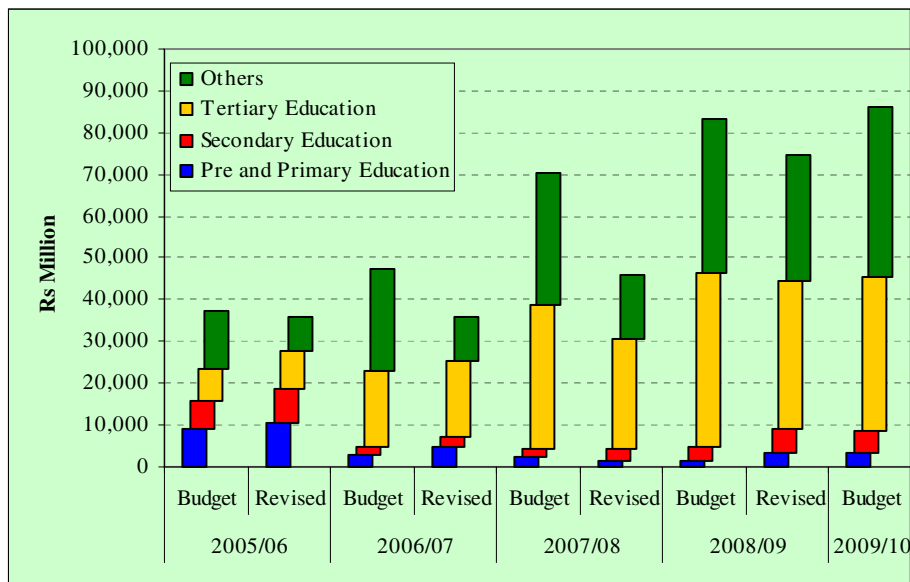
Figure 6c: Federal Development Budgets for and Expenditures on Education



At the provincial level, the priority accorded to tertiary level education is also quite clear (Figures 7a, 7b and 7c). As mentioned above, this is more or less expected because primary and secondary education is the responsibility of the district governments.

The difference between the federal and provincial level budgetary allocations is that while the allocation for tertiary education at the federal level is mostly for university education, at the provincial level this allocation represents mainly college education. The sudden surge in expenditure on tertiary education in 2006/07 (both in comparison to the budget and previous year's spending) is due to reverting of responsibility for college education from the district level back to the provincial governments.

Figure 7a: Provincial total budget and expenditure on education



The other distinct feature of provincial expenditure is that while after 2006/07 there is only negligible recurrent expenditure on primary and secondary education, there are sizable allocations for these two sub-sectors from the development budgets. This reflects the incompleteness of fiscal devolution, especially regarding development funds. While almost all recurrent funds are transferred to the districts through Provincial Finance Commission (PFC) transfers, the provincial governments continue to retain significant portion of development budgets for even the devolved sub-sectors. This, however, is partly due to the provincial education sector reform programmes, which attempt to transfer additional development funds from provincial to district governments for provision of required school facilities through the “terms of partnership” arrangements.

Figure 7b: Provincial recurrent budget for, and expenditure on, education

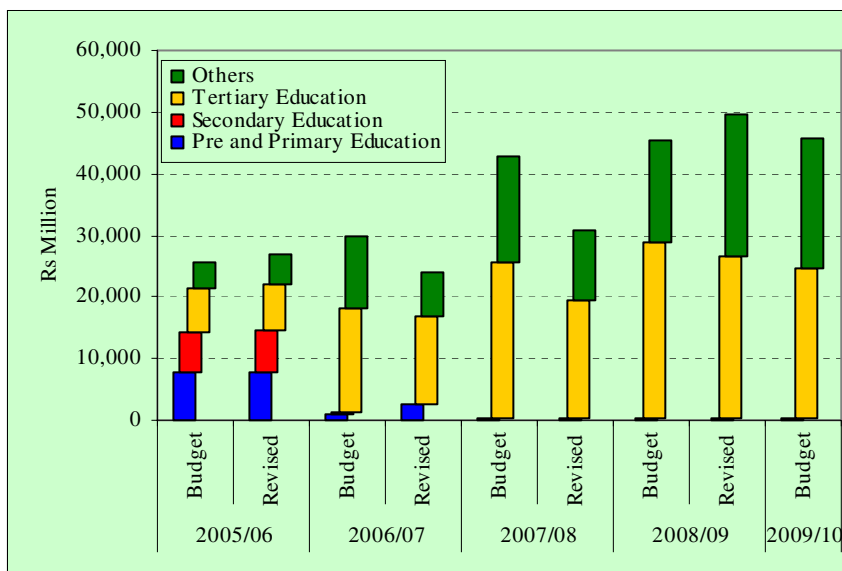
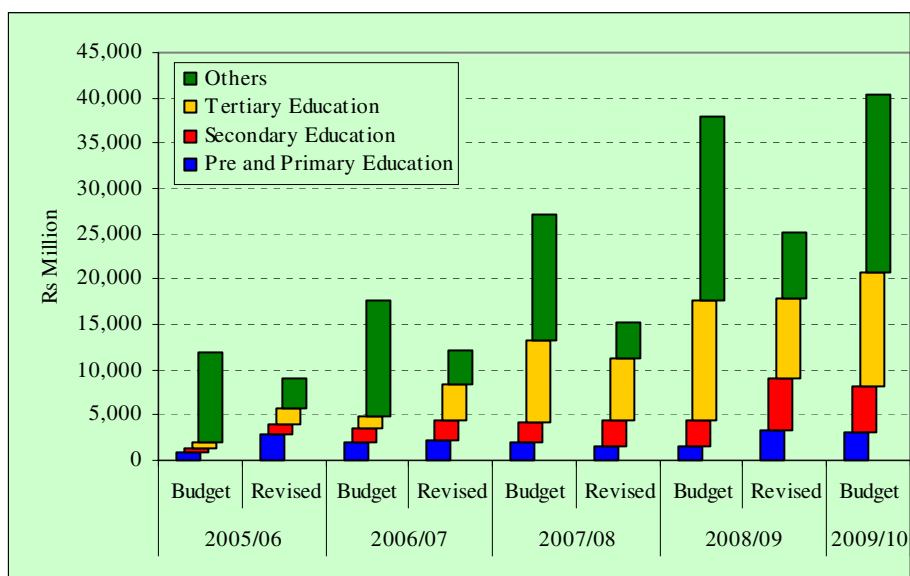


Figure 7c: Provincial development budgets for, and expenditure on, education



2.4. An analysis of actual education expenditures

This section relies on data of actual expenditure on education incurred at federal, provincial and districts level, acquired through the Ministry of Finance, Government of Pakistan. The most recent information available is for the year 2007/08.

This section attempts to present the actual expenditure incurred on education. In the context of overall education expenditure¹², a major percentage (80%) has been spent on recurrent needs, with 20% on development. This follows from the huge level of employment in the education sectors of the provinces as well as a conscious policy decision (since the days of Social Actions Programme - SAP) to consolidate existing school infrastructure with no “brick and mortar” expansion, except where critically needed. Though federal expenditure appears more balanced between current (54%-55%) and development (45%-46%), provinces have been spending predominantly on meeting recurrent needs, mostly salaries (Table 10).

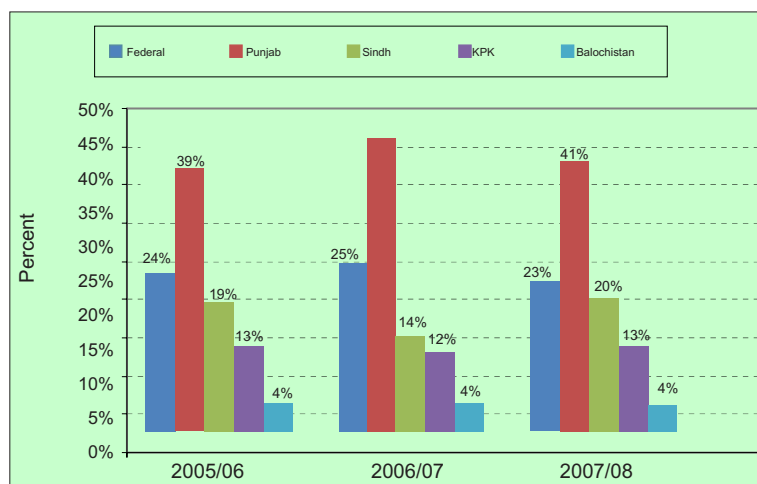
Table 10: Distribution of Actual Education Expenditure by Recurrent and Development Heads

	2006/07		2007/08	
	Recurrent	Development	Recurrent	Development
National	80%	20%	82%	18%
Federal	55%	45%	54%	46%
Punjab	88%	12%	94%	6%
Sindh	86%	14%	82%	18%
KP	92%	8%	91%	9%
Balochistan	92%	8%	94%	6%

Statistics for 2006-08 indicate that of the total education expenditure, almost 40% was spent by Punjab, with almost 25% being spent by the federal government (largely due to the increase in the component of higher education), with Sindh spending 14%-20%, KP spending 12%-13% and a mere 4% being spent by Balochistan (Figure 8a).

¹² Available for 2006/07 and 2007/08- not available for 2008/09

Figure 8a: Federal and Provincial Shares in Total Education Expenditure (2005/06-2007/08)



With reference to the priority accorded to various sub-sectors, primary education has been the single most important sub-sector in Pakistan's education expenditure (Tables 11a-11c). Overall, almost 35% of the education expenditure has been made on primary education. This is followed by secondary education (23%) and then by universities and colleges and institutes (21%). Professional and technical universities, colleges and institutes spend 5% of education expenditures while teacher and vocational training expenditures constitutes a negligible (0.3%) proportion. "Others" (spending 16%) include adult literacy, non formal basic education and other types of education.

Table 11a: Distribution of Total Education Expenditure* (2005/06)

	2005/06					
	Federal	Punjab	Sindh	KP	Balochistan	Total
Primary Education	6%	55%	40%	46%	30%	38%
Secondary Education	8%	23%	33%	41%	27%	24%
General Universities, Colleges, & Institutes	59%	9%	10%	6%	7%	21%
Professional & Technical Universities, Colleges & Institutes	13%	2%	6%	5%	6%	6%
Teacher & Vocational Training	0%	3%	1%	0%	4%	1%
Others	14%	8%	10%	2%	26%	10%
	100%	100%	100%	100%	100%	100%

*Includes District Education Expenditures

Table 11b: Distribution of Total Education Expenditure* (2006/07)

	2006/07					
	Federal	Punjab	Sindh	KP	Balochistan	Total
Primary Education	5%	45%	34%	44%	34%	33%
Secondary Education	7%	21%	27%	43%	27%	21%
General Universities, Colleges, & Institutes	65%	8%	11%	5%	7%	22%
Professional & Technical Universities, Colleges & Institutes	9%	1%	5%	5%	6%	5%
Teacher & Vocational Training	0%	4%	1%	1%	2%	2%
Others	14%	21%	22%	2%	24%	17%
	100%	100%	100%	100%	100%	100%

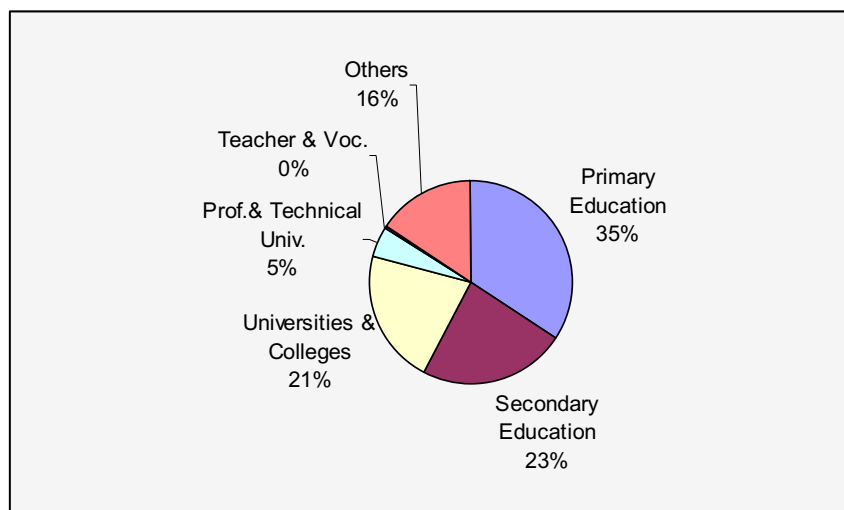
*Includes District Education Expenditures

Table 11c: Distribution of Total Education Expenditure* (2007/08)

	2007/08					
	Federal	Punjab	Sindh	KP	Balochistan	Total
Primary Education	6%	48%	34%	43%	32%	34%
Secondary Education	8%	24%	27%	41%	29%	23%
General Universities, Colleges, & Institutes	62%	9%	11%	6%	9%	21%
Professional & Technical Universities, Colleges & Institutes	10%	2%	6%	8%	5%	5%
Teacher & Vocational Training	0%	0%	1%	0%	2%	1%
Others	14%	17%	21%	2%	23%	16%
	100%	100%	100%	100%	100%	100%

*Includes District Education Expenditures

Figure 8b: Distribution of Education Expenditures by Sub-Sectors 2007-08



Expenditure Per Child

Expenditure data display that overall, the expenditure per child/person for post secondary level is the highest, followed by primary and secondary levels (Table 12a). These expenditures, however, are lower than expenditure per student enrolled as these include those children as well who are out of school.

Table 12a: Education Expenditure Per Child/Person* (in Rs) 2006/07 and 2007/08.

Levels of Education	2006/07					2007/08				
	Punjab	Sindh	KP	Baloch.	PAKISTAN	Punjab	Sindh	KP	Baloch.	PAKISTAN
Primary	2534	1431	2607	1887	2320	2750	2332	2959	1886	2716
Secondary	1039	1010	2148	1312	1323	1203	1620	2379	1429	1615
Post Secondary	1582	1448	582	1950	2702	1696	2318	865	1988	3142

*Age group for primary: 5-9 years; for secondary: 10-16 years; and for post secondary: 17-24 years

Source: Based on Population Estimates prepared by NIPS for UNESCO Pakistan 2009

Expenditure per Student

Expenditure per student enrolled, too, displays a similar trend, with highest expenditure for students of general universities, colleges and institutes (Table 12b). However, expenditure/student for secondary level is almost twice than that for primary student perhaps due to a smaller enrolment at the secondary level and more expenses due to more subjects being offered, requiring more teachers with higher qualification and more laboratory equipment for science courses. Provinces, too, show significantly higher expenditure per student for secondary as compared to primary level (Table 12c).

Table 12b: Pakistan: Education Expenditure/Student by Levels (in Rs): (2005/06-2006/07)

	2005/06		2006/07	
	Enrolment	Exp/Student (Rs.)	Enrolment	Exp/Student (Rs.)
Primary Education	15869012	3,392	16283251	3,238
Secondary Education	4997871	6,774	5189745	6,631
General Universities, Colleges, & Institutes	1324422	22,065	1536560	23,544
Professional & Technical Universities, Colleges & Institutes	na	na	Na	na
Teacher & Vocational Training	674505	3,413	708229	4,499
Total	23265453	6,091	24119326	6,720

Table 12c: Provinces: Education Expenditure/Student (in Rs) 2005-06 and 2006-07

Levels of Education	2005-6					2006-7				
	<i>Punjab</i>	<i>Sindh</i>	<i>KP</i>	<i>Baloch.</i>	PAKISTAN	<i>Punjab</i>	<i>Sindh</i>	<i>KP</i>	<i>Baloch.</i>	PAKISTAN
Primary	3,789	3,351	3,660	2,495	3,392	3,853	2,331	2,993	3,162	3,239
Secondary	4,49	11,371	8,936	10,958	6,774	4,944	7,450	9,574	12,835	6,631

PART III: Expenditure on literacy and non-formal basic education

3.1. Expenditure on literacy

According to the available data, there was a drastic reduction of around 98 percent in the budget for adult literacy under the Education Sector Reforms (ESR) to be released to the provinces in 2009/10. The budget allocation for literacy in 2009/10 was only Pak Rs. 1 million in comparison to an allocation of Pak Rs. 50 million and a revised estimate of Pak Rs. 7.5 million (15 percent of the allocation) in 2008/09.

	2005/06		2006/07		2007/08		2008/09		2009/10
	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget
Federal Budget (Rs m)	100	100	100	5.9	50	31	50	7.5	1
% Revised / Budget		100%		6%		62%		15%	
% Budget / Previous Budget			100%		50%		100%		2%

Table 13a: Federal government adult literacy budget and revised estimates

Source: Federal Budget documents

Thus, the budget per illiterate person in Pakistan is about Pak Rs. 0.02 . Given that Pakistan has over 50 million people who are illiterate, the sharp decline in allocation of resources to literacy will make it extremely difficult for Pakistan to meet its literacy and basic education targets.

In Punjab province the trend is similar to the federal one, with Punjab steadily reducing, except in 2007/08, its allocations to literacy since 2005/06. The revised estimates, a close proxy for actual expenditure, have also declined steadily and have been 54 percent of the allocations during the past few years.

Table 13b: Punjab literacy budget

	2005/06		2006/07		2007/08		2008/09		2009/10
	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget
Punjab Budget (Rs m)	200	180	275	199	1200	650	1250	683	800
% Revised / Budget		90%		72%		54%		55%	
% Budget / Previous Budget			138%		436%		104%		64%

Source: Literacy and Non-Formal Basic Education Department, Government of Punjab

In Khyber Pakhtunkhwa, financial releases under the “NWFP Literacy Project” have declined, except in 2007/08, since 2005/06, especially in 2008/09, with expenditures always remaining above the releases. As this is project funding, it is expected that the aggregate amount spent during the course of the project will ultimately approximately sum up to the total project budget.

Table 13c: “NWFP Literacy for All Project”

	2005/06		2006/07		2007/08		2008/09	
	Releases	Expenditure	Releases	Expenditure	Releases	Expenditure	Releases	Expenditure
Project Financing (Rs m)	237	260	150	160	270	252	50	105
% Expenditure per release		110%		107%		93%		210%

Source: “NWFP Literacy for All Project”

3.2. Expenditure on non-formal basic education

According to the available data, there has been a 16 percent increase in the budget for Non-Formal Basic Education Schools, managed directly by the National Education Foundation, an agency of the federal government. In the 2008-09 budget an amount of Pak Rs. 1.5 billion was allocated. Out of this, only 30 percent (Pak Rs. 450 million) had been released as of 15 June 2009.

Table 13d: Budget and releases for the National Education Foundation

Status of Funds	Year				
	2006-07	2007-08	2008-09	2009-10	Total
Approved PCI (Rs m)	705	1184	2362	2749	7000
Released (Rs. m)	705	1100	450 released and 300 were in progress		

Source: National Education Foundation; Islamabad

This increase in the budget for non-formal education is a step towards right direction, keeping in view that between four and five million children are out of school, and another five million children who have dropped out of formal schools need alternative forms of schooling.

ANNEXES

Annex A: Annual national, federal and provincial education budgets (These statistics do not include district budgets)

Table A1: Federal and provincial recurrent and development budgetary allocation and expenditures (Rs million)

	2005/06		2006/07		2007/08		2008/09		2009/10		2005/06-2008/09	
	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised
Federal & Provincial												
Recurrent Expenditure												
Pre and Primary Education	9,549	9,346	2,864	4,389	2,221	2,151	2,518	2,521	3,070	17,152	18,406	
Secondary Education	8,464	9,015	2,794	2,733	2,960	2,914	3,485	3,502	3,870	17,702	18,164	
Tertiary Education	18,432	18,900	29,315	29,921	42,356	36,558	46,106	43,858	47,891	136,209	129,239	
Others	5,707	6,438	13,707	8,768	19,556	13,574	17,857	24,288	22,364	56,827	53,068	
Total Education	42,151	43,698	48,680	45,812	67,093	55,197	69,967	74,170	77,196	227,890	218,876	
Total Recurrent Expenditure	1,188,636	1,296,548	1,302,334	1,453,034	1,568,981	2,013,717	2,045,940	2,240,165	2,361,445	6,105,891	7,003,463	
Federal & Provincial	0	0	0	0	0	0	0	0	0	0	0	
Development Expenditure												
Pre and Primary Education	1,025	2,916	2,076	2,186	1,990	1,506	1,490	3,265	3,262	6,582	9,873	
Secondary Education	831	1,434	1,833	2,465	2,717	3,117	3,225	5,994	5,300	8,605	13,010	
Tertiary Education	2,563	2,943	3,538	5,374	29,010	25,434	32,876	26,210	37,351	67,988	59,960	
Others	12,465	5,976	17,050	6,697	18,297	6,633	25,008	10,569	25,410	72,821	29,874	
Total Education	16,884	13,268	24,496	16,721	52,014	36,691	62,600	46,037	71,322	155,995	112,716	
Total Development Expenditure	340,577	415,924	538,266	527,122	663,503	622,244	741,513	628,112	963,132	2,283,857	2,193,401	
Federal & Provincial	0	0	0	0	0	0	0	0	0	0	0	
Total Expenditure	0	0	0	0	0	0	0	0	0	0	0	
Pre and Primary Education	10,574	12,262	4,940	6,575	4,211	3,656	4,008	5,786	6,331	23,734	28,279	
Secondary Education	9,295	10,449	4,627	5,198	5,676	6,031	6,709	9,496	9,170	26,308	31,174	
Tertiary Education	20,995	21,843	32,852	35,295	71,367	61,992	78,983	70,068	85,242	204,196	189,198	
Others	18,171	12,412	30,757	15,466	37,853	20,207	42,867	34,858	47,774	129,649	82,942	
Total Education	59,036	56,964	73,176	62,533	119,107	91,886	132,566	120,207	148,518	383,885	331,592	
Total Expenditure	1,529,212	1,712,473	1,840,600	1,980,155	2,232,484	2,635,960	2,787,453	2,868,277	3,324,578	8,389,749	9,196,864	

Table A2: Federal recurrent and development budgetary allocation and expenditures (Rs million)

	2005/06		2006/07		2007/08		2008/09		2009/10		2005/06-2008/09	
	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised
Federal & Provincial												
Recurrent Expenditure												
Pre and Primary Education	9,549	9,346	2,864	4,389	2,221	2,151	2,518	2,521	3,070	17,152	18,406	
Secondary Education	8,464	9,015	2,794	2,733	2,960	2,914	3,485	3,502	3,870	17,702	18,164	
Tertiary Education	18,432	18,900	29,315	29,921	42,356	36,558	46,106	43,858	47,891	136,209	129,239	
Others	5,707	6,438	13,707	8,768	19,556	13,574	17,857	24,288	22,364	56,827	53,068	
Total Education	42,151	43,698	48,680	45,812	67,093	55,197	69,967	74,170	77,196	227,890	218,876	
Total Recurrent Expenditure	1,188,636	1,296,548	1,302,334	1,453,034	1,568,981	2,013,717	2,045,940	2,240,165	2,361,445	6,105,891	7,003,463	
	0	0	0	0	0	0	0	0	0	0	0	
Federal & Provincial												
Development Expenditure												
Pre and Primary Education	1,025	2,916	2,076	2,186	1,990	1,506	1,490	3,265	3,262	6,582	9,873	
Secondary Education	831	1,434	1,833	2,465	2,717	3,117	3,225	5,994	5,300	8,605	13,010	
Tertiary Education	2,563	2,943	3,538	5,374	29,010	25,434	32,876	26,210	37,351	67,988	59,960	
Others	12,465	5,976	17,050	6,697	18,297	6,633	25,008	10,569	25,410	72,821	29,874	
Total Education	16,884	13,268	24,496	16,721	52,014	36,691	62,600	46,037	71,322	155,995	112,716	
Total Development Expenditure	340,577	415,924	538,266	527,122	663,503	622,244	741,513	628,112	963,132	2,283,857	2,193,401	
	0	0	0	0	0	0	0	0	0	0	0	
Federal & Provincial												
Total Expenditure												
Pre and Primary Education	10,574	12,262	4,940	6,575	4,211	3,656	4,008	5,786	6,331	23,734	28,279	
Secondary Education	9,295	10,449	4,627	5,198	5,676	6,031	6,709	9,496	9,170	26,308	31,174	
Tertiary Education	20,995	21,843	32,852	35,295	71,367	61,992	78,983	70,068	85,242	204,196	189,198	
Others	18,171	12,412	30,757	15,466	37,853	20,207	42,867	34,858	47,774	129,649	82,942	
Total Education	59,036	56,964	73,176	62,533	119,107	91,886	132,566	120,207	148,518	383,885	331,592	
Total Expenditure	1,529,212	1,712,473	1,840,600	1,980,155	2,232,484	2,635,960	2,787,453	2,868,277	3,324,578	8,389,749	9,196,864	

Table A3: Provincial recurrent and development budgetary allocation and expenditures (Rs million)

	2005/06		2006/07		2007/08		2008/09		2009/10		2005/06-2008/09	
	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised
Provincial												
Recurrent Expenditure												
Pre and Primary Education	7,900	7,697	953	2,453	240	147	150	153	183	183	9,243	10,449
Secondary Education	6,440	6,909	342	260	159	40	21	38	42	42	6,961	7,247
Tertiary Education	6,942	7,393	16,718	14,272	25,073	19,239	28,645	26,396	24,519	24,519	77,378	67,302
Others	4,222	4,953	11,889	6,918	17,474	11,491	16,528	22,942	20,882	20,882	50,113	46,304
Total Education	25,503	26,951	29,902	23,904	42,946	30,917	45,345	49,530	45,627	45,627	143,695	131,301
Total Recurrent Expenditure	362,133	377,758	422,555	419,502	512,632	497,456	552,758	590,941	662,252	662,252	1,850,078	1,885,656
Provincial												
Development Expenditure												
Pre and Primary Education	958	2,853	2,023	2,128	1,987	1,503	1,469	3,250	3,184	3,184	6,438	9,734
Secondary Education	434	1,083	1,584	2,246	2,134	2,855	3,017	5,871	5,064	5,064	7,168	12,055
Tertiary Education	574	1,702	1,319	4,047	9,217	6,970	13,205	8,681	12,533	12,533	24,316	21,399
Others	9,990	3,483	12,741	3,623	13,833	3,794	20,287	7,449	19,575	19,575	56,852	18,348
Total Education	11,956	9,120	17,666	12,043	27,171	15,123	37,979	25,250	40,355	40,355	94,773	61,535
Total Development Expenditure	109,578	176,869	188,528	228,103	242,936	257,026	272,290	272,955	333,002	333,002	813,330	934,952
Provincial												
Total Expenditure												
Pre and Primary Education	8,858	10,550	2,976	4,581	2,227	1,649	1,619	3,403	3,366	3,366	15,681	20,183
Secondary Education	6,874	7,992	1,926	2,506	2,292	2,895	3,037	5,909	5,106	5,106	14,130	19,302
Tertiary Education	7,516	9,095	18,036	18,319	34,291	26,209	41,851	35,077	37,052	37,052	101,693	88,700
Others	14,211	8,434	24,630	10,542	31,307	15,285	36,817	30,392	40,457	40,457	106,966	64,652
Total Education	37,460	36,069	47,568	35,947	70,117	46,038	83,323	74,780	85,982	85,982	238,468	192,836
Total Expenditure	471,710	554,628	611,083	647,604	755,568	754,481	825,048	863,896	995,255	995,255	2,663,409	2,820,608

Table A4: Punjab: Recurrent and development budgetary allocation and expenditures (Rs million)

	2005/06		2006/07		2007/08		2008/09		2009/10		2005/06-2008/09	
	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised
Punjab												
Recurrent Expenditure												
Pre and Primary Education	882	0	0	0	5	0	0	0	0	0	887	0
Secondary Education	123	12	13	6	19	17	0	14	16	155	155	49
Tertiary Education	3,870	4,152	10,744	10,512	16,981	11,215	19,976	17,990	15,333	51,571	43,869	43,869
Others	102	988	3,346	5,323	6,740	4,987	5,296	14,026	7,036	15,484	25,324	25,324
Total Education	4,976	5,152	14,102	15,841	23,746	16,219	25,272	32,029	22,385	68,096	69,241	69,241
Total Recurrent Expenditure	157,528	160,550	191,378	201,091	243,487	232,188	256,949	282,281	314,873	849,342	876,110	876,110
Punjab												
Development Expenditure												
Pre and Primary Education	0	0	0	0	0	0	0	0	0	0	0	0
Secondary Education	0	0	0	0	0	0	0	4	2	0	0	4
Tertiary Education	0	0	463	2,975	7,502	4,845	10,319	3,435	6,925	18,284	11,255	11,255
Others	7,586	1,380	11,617	3,151	13,075	3,275	18,310	5,837	16,671	50,588	13,643	13,643
Total Education	7,586	1,380	12,080	6,125	20,576	8,120	28,629	9,276	23,598	68,871	24,901	24,901
Total Development Expenditure	53,000	89,661	117,125	137,113	150,000	137,956	160,000	137,956	188,309	480,125	502,686	502,686
Punjab												
Total Expenditure												
Pre and Primary Education	882	0	0	0	5	0	0	0	0	0	887	0
Secondary Education	123	12	13	6	19	17	0	18	18	155	155	53
Tertiary Education	3,870	4,152	11,206	13,487	24,483	16,060	30,295	21,425	22,258	69,854	55,124	55,124
Others	7,688	2,367	14,963	8,474	19,815	8,262	23,607	19,863	23,707	66,073	38,966	38,966
Total Education	12,563	6,531	26,182	21,967	44,322	24,338	53,901	41,306	45,983	136,968	94,142	94,142
Total Expenditure	210,528	250,211	308,503	338,204	393,487	370,144	416,949	420,237	503,182	1,329,467	1,378,796	1,378,796

Table A5: Sindh: Recurrent and development budgetary allocation and expenditures (Rs million)

	2005/06		2006/07		2007/08		2008/09		2009/10		2005/06-2008/09	
	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised
Sindh												
Recurrent Expenditure												
Pre and Primary Education	43,261	51,625	51,023	2,117	54	56	58	60	78	206	2,284	
Secondary Education	0	0	0	29	0	0	0	0	0	0	29	
Tertiary Education	1,330	1,469	5,380	2,964	6,029	5,879	6,179	5,706	5,686	18,918	16,019	
Others	2,727	2,830	7,305	317	8,474	4,507	8,818	6,391	10,730	27,324	14,045	
Total Education	4,100	4,350	12,736	5,427	14,556	10,442	15,056	12,158	16,495	46,448	32,377	
Total Recurrent Expenditure	118,931	126,185	139,224	129,225	166,651	163,863	180,987	184,952	213,398	605,794	604,224	
Sindh												
Development Expenditure												
Pre and Primary Education	320	2,106	0	962	702	1,040	412	746	389	1,434	4,854	
Secondary Education	75	652	284	699	364	548	1,041	1,312	394	1,764	3,210	
Tertiary Education	245	1,343	428	512	1,048	1,277	1,351	2,551	2,372	3,072	5,682	
Others	360	457	788	151	385	433	1,896	1,518	2,796	3,430	2,558	
Total Education	1,000	4,557	1,500	2,324	2,500	3,298	4,700	6,127	5,950	9,700	16,305	
Total Development Expenditure	24,000	42,704	33,952	35,624	40,000	57,330	55,000	69,632	75,000	152,952	205,290	
Sindh												
Total Expenditure												
Pre and Primary Education	363	2,157	51	3,079	756	1,095	470	806	467	1,640	7,138	
Secondary Education	75	652	284	728	364	548	1,041	1,312	394	1,764	3,239	
Tertiary Education	1,574	2,812	5,808	3,476	7,078	7,156	7,530	8,257	8,058	21,990	21,701	
Others	3,087	3,287	8,093	468	8,859	4,940	10,715	7,909	13,526	30,754	16,603	
Total Education	5,100	8,907	14,236	7,751	17,056	13,739	19,756	18,284	22,445	56,148	48,682	
Total Expenditure	142,931	168,889	173,177	164,849	206,651	221,193	235,987	254,584	288,398	758,746	809,514	

Table A6: Khyber Pakhtunkhwa: Recurrent and development budgetary allocation and expenditures (Rs million)

	2005/06		2006/07		2007/08		2008/09		2009/10		2005/06-2008/09	
	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised
KP												
Recurrent Expenditure												
Pre and Primary Education	6,975	7,645	902	336	181	91	92	105	105	8,150	8,165	
Secondary Education	6,317	6,897	329	225	140	23	21	26	26	6,806	7,169	
Tertiary Education	1,742	1,772	594	796	2,063	2,145	2,490	3,500	3,500	6,889	7,414	
Others	176	186	177	209	188	184	182	312	312	723	831	
Total Education	15,210	16,500	2,003	1,567	2,572	2,443	2,785	3,943	3,943	22,569	23,579	
Total Recurrent Expenditure	51,062	60,693	54,500	55,174	61,000	61,450	67,300	80,000	80,000	233,862	252,917	
KP												
Development Expenditure												
Pre and Primary Education	638	747	1,488	656	845	478	356	1,915	1,915	3,327	3,962	
Secondary Education	359	431	87	360	539	931	1,067	3,969	3,750	2,051	5,691	
Tertiary Education	329	359	428	560	667	584	917	2,347	2,680	2,342	3,850	
Others	66	95	123	125	75	60	81	94	105	345	374	
Total Education	1,392	1,632	2,125	1,701	2,126	2,004	2,421	8,449	8,449	8,065	13,877	
Total Development Expenditure	20,989	25,174	26,631	29,501	39,462	32,914	41,545	51,157	51,157	128,626	126,589	
KP												
Total Expenditure												
Pre and Primary Education	7,613	8,393	2,390	992	1,026	519	448	2,224	2,019	11,477	12,127	
Secondary Education	6,676	7,328	416	585	678	954	1,087	3,993	3,776	8,858	12,860	
Tertiary Education	2,072	2,131	1,022	1,356	2,730	2,729	3,408	5,047	6,180	9,231	11,263	
Others	241	280	300	335	263	244	263	347	417	1,068	1,206	
Total Education	16,602	18,131	4,128	3,267	4,698	4,446	5,205	11,611	12,392	30,633	37,456	
Total Expenditure	72,051	85,867	81,131	84,674	100,462	94,364	108,845	114,601	131,157	362,488	379,506	

Table A7: Balochistan: recurrent and development budgetary allocation and expenditures (Rs million)

	2005/06		2006/07		2007/08		2008/09		2009/10		2005/06-2008/09	
	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised	Budget	Revised
Balochistan												
Recurrent Expenditure												
Pre and Primary Education	0	0	0	0	0	0	0	0	0	0	0	0
Secondary Education	0	0	0	0	0	0	0	0	0	0	0	0
Tertiary Education	0	0	0	0	0	0	0	0	0	0	0	0
Others	1,217	949	1,061	1,069	2,072	1,813	2,232	2,273	2,804	2,804	6,582	6,104
Total Education	1,217	949	1,061	1,069	2,072	1,813	2,232	2,273	2,804	2,804	6,582	6,104
Total Recurrent Expenditure	34,612	30,330	37,453	34,012	41,494	39,955	47,522	48,108	53,981	53,981	161,080	152,405
Balochistan												
Development Expenditure												
Pre and Primary Education	0	0	535	510	440	35	701	373	880	880	1,677	918
Secondary Education	0	0	1,213	1,187	1,231	1,376	909	586	918	918	3,353	3,150
Tertiary Education	0	0	0	0	0	264	618	348	556	556	618	612
Others	1,978	1,551	213	196	298	26	0	0	3	2,489	2,489	1,773
Total Education	1,978	1,551	1,961	1,893	1,969	1,701	2,229	1,306	2,358	2,358	8,137	6,452
Total Development Expenditure	11,589	19,330	10,820	25,865	13,474	28,826	15,745	26,366	18,536	18,536	51,627	100,387
Balochistan												
Total Expenditure												
Pre and Primary Education	0	0	535	510	440	35	701	373	880	880	1,677	918
Secondary Education	0	0	1,213	1,187	1,231	1,376	909	586	918	918	3,353	3,150
Tertiary Education	0	0	0	0	0	264	618	348	556	556	618	612
Others	3,195	2,500	1,274	1,265	2,370	1,839	2,232	2,273	2,807	2,807	9,071	7,877
Total Education	3,195	2,500	3,022	2,962	4,041	3,515	4,461	3,579	5,162	5,162	14,719	12,556
Total Expenditure	46,200	49,661	48,272	59,877	54,968	68,780	63,267	74,474	72,518	72,518	212,708	252,792

Annex B: Khyber Pakhtunkhwa: Literacy Expenditure

Table B: “North-West Frontier Province Literacy for All” project, financial position, 2004/05 to 2008/09

(Rs million)

SN	Financial Year	Releases	Expenditures	Balance in Hand
1	2004-05	100	25	75
2	2005-06	237	260	52
3	2006-07	150	160	42
5	2007-08	270	252	60
6	2008-09	50	105	5

Annex C: Khyber Pakhtunkhwa: Change in education expenditure

Table C: Khyber Pakhtunkhwa Province: Change in education posts due to devolution, 2005/06 and 2006/07

	2005/06			2006/07				
	Posts	Salary	Non-Salary	Total	Posts	Salary	Non-Salary	Total
Recurrent expenditure of Education Department only (PKR)	162,790	13,531	914	14,445	4,752	351	1,130	1,482
Average Monthly Salary (PKR)		6,927				6,159		



United Nations
Educational, Scientific and
Cultural Organization

UNESCO Islamabad

UNESCO Office, Serena Business Complex,
7th Floor, Sector G-5, Islamabad, Pakistan
Email: Islamabad@unesco.org
Website: www.unesco.org.pk
UAN: +92-51-111-710-745
FAX: +92-51-2600250