

## **Background Note**

# **Post-Budget Policy Dialogue on Effectiveness of Education Financing 2013-14**



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### **Post-Budget Policy Dialogue on 'Effectiveness of Education Financing for FY 2013-2014'**

#### **1. Introduction**

Pakistan has been spending in the range of 1.8 percent to 2.7 percent of its GDP on education over the years. This percentage is too low, when compared with other South Asian countries. Notwithstanding the low share of GDP to education, Pakistan's position has improved in some key educational indicators over the last three years. Literacy rate has increased from 67 to 69, Net Enrollment Rate (NER) from 60 to 61 and a marked improvement in enrollment at middle, high, higher secondary and higher education has been recorded. There is no denying the fact that in order to provide free and compulsory education to all children of the age of five to sixteen years, appropriate and sufficient allocations to education along with effective utilization of available resources is inevitable. The National Education Policy 2009, identifying major deficiencies and gaps in current system and outlining an ambitious and holistic strategy, envisages a dedication of 7 percent of GDP to education till 2015. However, seeing the current trends and national priorities, the envisaged allocation appears to be a farfetched dream. Concurrently, another important challenge in this regard is inadequate resource allocations under different budget lines.

An analysis of provincial education budgets of Punjab reveals some important findings and trends. First, the allocation for education has been increased consistently by more than 10 percent since 2007-08. The only exception is 2009-10 when the provincial education budget was cut by 10 percent. Secondly, utilization has not improved as much as the allocation. In every year since 2007-08, about a quarter of the allocation has remained unspent. In 2010-11, however, the utilization has improved significantly by 17 percent. Despite the improvements in the allocations and expenditures in the Provincial education budgets, this commitment has to be translated into improved utilization of the allocated budgets and the challenges still remain to be addressed. Analyses of the education budgets have noted that budgetary allocations are generally not leveraged against the major challenges like access and quality of education, showing a sharp disconnect between the two. In addition, the resources that are actually spent on a student, as opposed to allocations, remain low due to high administrative expenditures, system-wide leakages of resources, and poor oversight mechanisms.

Besides, persisting issues in adequate need-based allocation and utilization of budget, the new developments in the wake of 18<sup>th</sup> Constitutional Amendment and particularly insertion of Article 25-A has thrown new opportunities and challenges for education sector. There is a need to have informed debate on the required financial outlay and legal requirements in order to be compliant with the constitution.

Keeping the above in view, I-SAPS is working to help improve effectiveness of public spending in education sector under its Effective Education Budget Initiative (EEBI) with support from UK Department for International Development (DFID). In this regards, we are undertaking public finance analysis and conducting policy advocacy through dialogues

and consultations with a view to contributing towards system and process improvement by providing evidence-base and informed policy options.

## **2. Aim and Objectives**

The broad aim of this dialogue was to facilitate an informed discourse on education budget from the standpoint of effective spending. The dialogue largely focused on education budget analysis. Specific objectives of policy dialogue are as follows:

- i. Provide the much needed interface between government officials, public representatives and civil society for improving the effectiveness of resource allocations and spending in the education sector along with a critical revisit of the associated governance issues;
- ii. Propose a set of recommendations for effective education budget tracking by parliamentarians, members of relevant standing committees, media and civil society.

## **3. Topics Covered by Speakers**

The speakers and discussants at the policy dialogue included experts in the areas of education, budgeting and political economy. The topics covered in the policy dialogue are briefly described below:

- a. Analysis of Punjab Education Budget for FY 2013-2014: Challenges and Opportunities.
- c. Implementing Article 25-A: Challenges and Opportunities

## **4. Participants**

The participants of policy dialogue comprised of key stakeholders i.e. parliamentarians, members of standing committees on education, representatives of departments of Finance, Education, Planning & Development, academics, civil society organizations, and media.

## **5. Follow-up**

I-SAPS is holding education finance dialogues with a view to creating and sustaining a vibrant interface between civil society, public representatives and government officials for improved allocations to education. It is envisaged that, in addition to more issue-based dialogues, I-SAPS will provide department-specific recommendations and facilitate the departments for improving education financing.