

Background Note

Pre-Budget Policy Dialogue on Effectiveness of Education Financing in Province of Sindh

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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. Moreover, public financing of education as a share of GDP is also declining. 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 education budgets of the province of Sindh shows that about one fourth of the total provincial budget is absorbed in education related expenses. A breakdown of the share of education in the total provincial outlay suggests that 33 percent and 7 percent of the provincial current and development outlay, respectively, has been allocated for education. The total provincial outlay in 2013-14 was Rs. 585.91 billion out of which Rs. 135.55 billion (23 percent) has been allocated for education budget. This amount includes education budget of districts as well. Out of this total allocation, Rs. 118.66 billion (88 percent) will be absorbed in recurrent expenses. 79 percent of the recurrent budget will go to salaries and other employee-related expenses such as pay and allowances. An amount of Rs. 16.89 billion (6.6 per cent) is allocated for development schemes which is an increase of 243 per cent compared to the actual expenditure in 2012-13. Although, there has been substantial increase in percentage terms, such low share of development expenditure in the provincial education budget shows lack of commitment of the Government to improve the infrastructure and facilities provided to schools.

Besides, persisting issues in adequate need-based allocation and utilization of budget, the new developments in the wake of 18th 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 education initiative in collaboration with Alif Ailaan. In this regard, 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. In this backdrop to initiate an informed discourse with relevant stakeholders, the pre-budget policy dialogue has been organized to deliberate upon the critical relevance of resource allocation to education quality and accessibility especially focusing at provincial level in Sindh. The dialogue will provide informed policy

options and recommendations for improved allocations for public sector and to suggest ways for effective utilization of available resources.

2. Aim and Objectives

The broad aim of this dialogue is to facilitate an informed debate on education budget in order to improve allocation education budgets for the year 2014-15. 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 and appropriate budget allocations by relevant education departments in the province.

3. Topics to be covered by Speakers

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

- a. Analysis of Education Budget for FY 2013-14: Challenges and Opportunities
- b. Implementing Article 25 (A): Challenges and Opportunities

4. Participants

The participants of policy dialogue will comprise the key stakeholders i.e. parliamentarians, representatives of departments of 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.