

Public Financing of Private Education Sector: Pros and Cons

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Pakistan's education system is broadly categorized into public and private sectors where public sector continues to be the dominant service provider of education in the country. However, the role and significance of private sector education institutions, whether low cost or elite private schools, in fulfilling the educational needs of the population cannot be overlooked. Recognizing the role of private sector, government is also financing foundations and private educational institutions to promote public private partnerships.

Prospects:

Government grants for private educational institutions and public-private partnership through education foundations have been increasing consistently over the years. In 2010-11, Rs. 167.31 million have been allocated in the federal budget for private educational institutions, which makes 0.35 percent of the total federal education budget. Punjab government has allocated Rs. 45.51 billion which makes 8.69 percent of the total education budget of the province. Sindh and Balochistan have allocated Rs. 10.10 billion and Rs. 97.88 million which makes 3.82 percent and 0.57 percent of their education budgets, respectively. Regular and increased allocation to private educational institutions indicates that both federal and provincial governments acknowledge the contribution of private sector in education. [Source: *Public Financing of Education in Pakistan: Federal and Provincial Budgets (2010-2011)*]

Figure 1: Policy Provisions for Private Sector

1. The Government shall explore ways to increase the contribution of the private sector, which at present contributes only 16 per cent of the total educational resources.
2. For promoting Public-Private-Partnership in the education sector, particularly in the case of disadvantaged children, a percentage of the education budget as grant in aid (to be decided by each Province) shall be allocated to philanthropic, non-profit educational institutions.
3. A system of checks and balances for the private sector shall be formed to oversee the issues of fees, school standards, salaries of teachers, conduct and hygiene etc.

Source: *National Education Policy 2010*

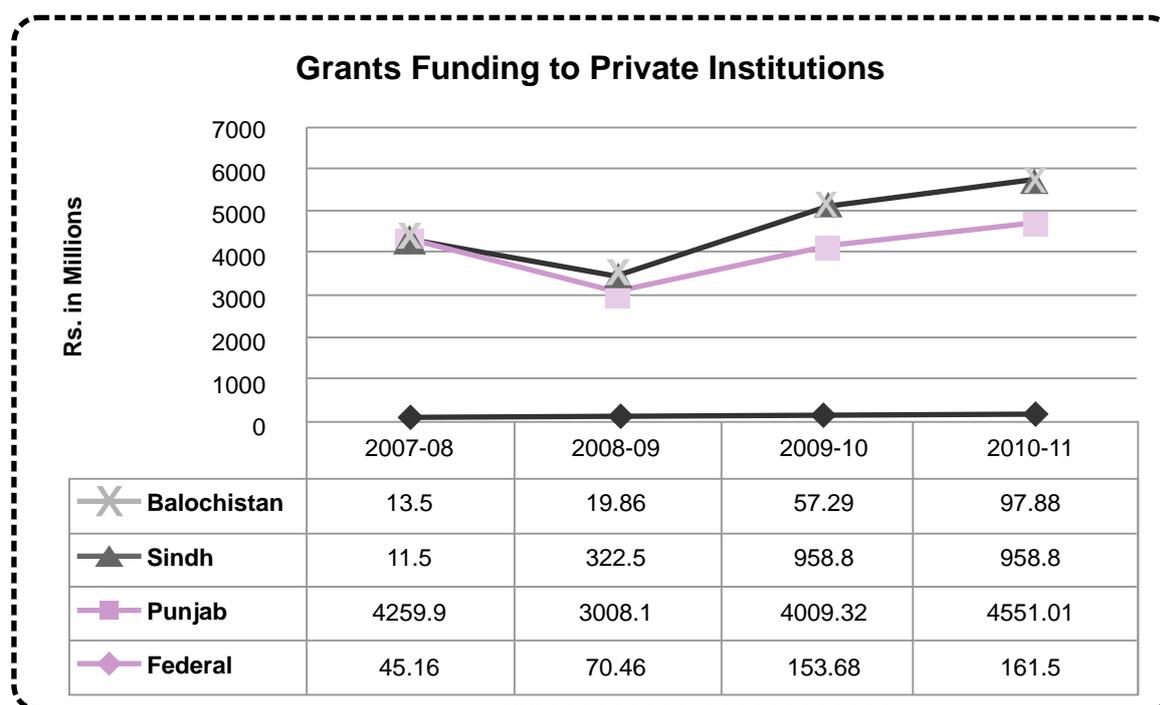
Challenges:

Though promotion of public private partnership for improving access to education is a policy priority (see figure 1) of the government, however the existing procedure and practice of public sector financing to private education raises serious concerns and issues especially in view of transparency and equity

Evidence from Federal and Provincial Budgets

The public financing of private educational institutions has witnessed an up-ward trend in all provinces and regions of the country over past few years (see chart 1). An analysis of this trend highlights following issues at each level.

Chart 1: Grants for Private Educational Institutions



Source: I-SAPS, 2010, *Public Financing of Education in Pakistan: An Analysis of Federal and Provincial Budgets*

1. Federal grants for private educational institutions are gradually increasing over the last four years, where the total amount of federal grants increased from Rs. 45.16 million in Fiscal Year (FY) 2007-08 to Rs. 161.50 million in FY 2010-11. Under this grant, government's allocation to some schemes is uneven. In FY 2010-11, 89% of the total federal grants to private education institutions were allocated to a single private university i.e. Lahore University of Management Sciences (LUMS), which raises the issue of equity in public financing, whereas remaining 11% grant was provided to National Educational Foundation and for the purpose of the provision of free textbooks to private registered schools in ICT. This points towards serious issues regarding equity and transparency in public financing of private educational institutions.
2. The public financing for private educational institutions by Punjab Government is regular and over the past two years it is continuously increasing. In FY 2010-11, overall Rs. 4.55 billion, i.e. 8.43% of Punjab Education Budget, have been allocated to private sector in Punjab. This shows an increase of 13% in budgetary allocation for private sector over FY 2008-09. For promotion of private educational institutions, funds are allocated to Punjab Education Foundation which is mandated to strengthen public-private partnerships, capacity building, incentives to students and teachers and technical and financial assistance. However, these services would now be provided by Integrated Education Learning Programme which has been provided Rs. 4.5 billion in FY 2010-11. In addition, funds are also provided to schools like Sadiq Public School, Jamia Ashrafia Islamic University Lahore and FC College Lahore. Provision of funds to only few private institutions again raises serious concerns regarding transparency and equity.
3. Government of Sindh is also allocating budget for promoting public-private partnership in education sector and grants to private educational institutions have increased from Rs. 11.5 million in FY 2007-08 to Rs. 1.01 billion in FY 2010-11, which is equivalent to 3.82% of total Sindh education budget. Sindh government is mainly funding private sector through Sindh Education Foundation which is tasked to foster public-private partnerships.

In FY 2010-11, a total of Rs. 1.01 billion have been allocated for the Foundation, comprising Rs. 110 million current budget and Rs. 900 million development budget. Budget is provided for rural-community schools, Promotion of Private Schools in Rural Areas/Urban Slums, adopt a School Program, and Improvement of the Functions and Quality of chartered institutions of the provincial programme. In FY 2010-11, no allocation has been made for 'Adopt a School Program' and 'improvement of functions and quality of education of chartered institutions in the private sector in the province of Sindh'.

4. In spite of the fact that KP government allocates budget for private schools, no information is available about the allocation for private education institutions in the provincial budget books of KP government. Funding is being provided to institutions like Frontier Education Foundation (FEF), mandated for the promotion of public-private partnership, and Elementary Education Foundation (EEF), mandated to foster public-private partnership in school education but their budgets cannot be tracked from the budget books. However, there is a need to create separate budget lines for these institutions.
5. The Balochistan government promotes public-private partnerships through Balochistan Education Foundation (BEF). Over the years, grants for BEF have been increasing consistently. In FY 2010-11, an amount of Rs. 97.88 million was allocated to BEF which is 71% more than the previous year's allocation. Moreover, grant-in-aid for BEF community schools has increased by 130% in 2010-11 as a result an amount of Rs. 40.59 million has been added to its budget.

Recommendations

The transparency and equity issue highlighted in chart 1 emphasizes the need for undertaking following two actions on priority basis:

1. Taking into account the trend of increased budgetary allocations for private educational institutions, there is a need to initiate an informed debate on criteria for ensuring transparency of such financing especially with an equity lens. In FY 2010-11, 89% of the total federal grants to private education institutions were allocated to a single private university i.e. LUMS, , which raises the issue of equity. It is recommended that government should devise a strategy or criteria for ensuring equitable distribution of financial resources to private institutions.
2. In KP, there is a need to create separate budget lines for institutions like FEF and EEF so that budget for these institutions can be tracked thus contributing towards improved transparency and effectiveness of public financing.

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