

**Report on**  
**Pre-budget Policy Dialogue on Education**

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**Institute of  
Social and Policy Sciences**



**Campaign for Quality Education (CQE)**

## **Introduction**

Education has received greater attention in Pakistan over the last eight years, partly as a result of realization within the government and civil society that the country remains unable to attain even minimum objectives in this critical sector by way of access as well as quality. Some concern has also been generated as a result of the stark deficit in terms of the Millennium Development Goals. Available evidence suggests that Pakistan lags behind many countries in terms of key indicators such as literacy rate, enrollment, dropout rate, gender equality in educational attainment, etc. There is now growing consensus that this situation can largely be attributed to the low levels of public spending, one of the critical factors that determine the effectiveness of the education system in achieving the desired outcomes.

The persistent inadequacy of education budgets is reflected in underinvestment, absence of policy levers to determine resource allocation, incremental budgeting detached from Education Management Information Systems (EMIS) and other available data. Missing budget lines, delays in disbursement, poor spending capacities at the federal, provincial and district levels, and lack of transparency further aggravate the crisis. In addition to the problem of low public spending, the system appears not even to have the capacity to fully utilize whatever meager resources are allocated. So, on the one hand, Pakistan continues to be counted among the countries with the lowest public expenditure on education as a percentage of Gross Domestic Product (GDP) and total public spending. On the other, it lacks the capacity to spend what is available. There is a clear prima facie argument for increasing the education budget but it needs to be further strengthened by tracking the budgetary process and examining its strengths and weaknesses. This cannot be done given the inability of the stakeholders to track education budgets. Taken together, these problems are undermining the citizens' access to quality education as a fundamental human right on the one hand and limiting Pakistan's capacity to meet international obligations (MDGs, EFA goals, etc.) on the other.

Although the relevance of public spending patterns to educational outcomes is widely recognized, there remains a deficit of public deliberation on these issues. This is reflected in the absence of informed policy debate on solving the problem of allocation, spending, and tracking associated with the overall budgetary processes. Responding to this need, I-SAPS and CQE jointly organized the 'Pre-Budget Policy Dialogue on Education' to inform the educational allocations and spending in the upcoming fiscal year 2008-09.

## **Aim and Objectives**

The main aim of the initiative was to stimulate an evidence-based policy dialogue on the education budget from the standpoint of outcome-oriented spending. Specific objectives of the policy dialogue were to:

- a. Provide the much needed interface between Government of Pakistan 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;
- b. Map and examine the main trends in patterns of allocation and spending on education during the last 5 years to highlight the extent of effectiveness of public spending;
  - c. Identify critical issues in education budgeting at the process as well as at the outcome levels, and suggest ways to address these issues system-wide; and
  - d. Propose a set of recommendations for effective education budget tracking by parliamentarians, members of relevant standing committees, media and civil society.

### **Speakers & Discussants**

**Speakers:** Dr. Salman Humayun (Executive Director, I-SAPS); Mr. Abbas Rashid (CQE); Mr. Razi Abbas (Additional Secretary, Federal Ministry of Finance); Dr. Pervaiz Tahir (Mehboob-ul-Haq Professor of Economics, Government College University (GCU) Lahore); Mr. Muhammad Sabir (Principal Economist, Social Policy and Development Centre, (SPDC) Karachi); Mr. Mazhar Siraj (Research Fellow, Consumer Rights Commission of Pakistan (CRCP), Islamabad).

**Discussants:** Ms. Shahida Khattak (GTZ, Islamabad); Chaudhry Shafique, Chief Coordinator, Parliamentarians Commission for Human Rights (PCHR); Dr. Fayyaz Ahmed (Joint Educational Advisor, Ministry of Education); Dr. Aliya H. Khan (Professor, Economics Department, Quaid-i-Azam University (QAU), Islamabad).

### **Proceedings of the Seminar**

#### **Welcome Note**

Dr. Salman Humayun, Executive Director I-SAPS

Dr. Humayun welcomed the participants and briefly introduced them about I-SAPS mandate. He said effectiveness of public spending in education was one of key areas of I-SAPS activities. I-SAPS and CQE, he said, had planned a series of policy dialogues to initiate an evidence-based debate about the effectiveness of public spending in education.

#### **Introduction to Campaign for Quality Education**

Mr. Abbas Rashid, CQE

Mr. Rashid informed the audience that CQE was a network of individuals and organizations concerned with education. CQE, he said, believed that educational justice entailed not just access to school, but to quality education for all children in Pakistan. CQE, he added, sought to promote quality in education through effective advocacy, developing and popularizing innovative solutions to quality issues in education, and regular monitoring of state of education in Pakistan. Mr. Rashid described equity, social partnership and networking, local participation, research and evidence-based advocacy as the core guiding principals of CQE.

## Presentations

### “Critical Issues in Public Spending: Setting the Context

Dr. Salman Humayun, Executive Director, ISAP

#### Some Facts:

##### *Statistics for school infrastructure:*

- 16.8% of all public primary schools are shelter-less
- 39% of schools do not have drinking water
- 62% of schools do not have electricity
- 49% of schools don't have toilets
- 46% of schools don't have boundary walls

##### *Statistics for children aged 5 to 9:*

- Only 66% are enrolled in school
- 30% make it to Class V
- 10% go on to middle school
- 6.7% enroll in secondary school
- 0.6% enroll in higher secondary school
- On average, girls obtain 1.3 years of formal schooling, while boys obtain 3.8 years of formal schooling.
- Nearly 50% of girls and 22% of boys never attend school.

Dr. Humayun's presentation sought to set the context for the Dialogue and highlight critical issues in education budgeting and effectiveness of public spending. In the initial part of the presentation, he listed various figures which pointed towards the dismal state of affairs of the education sector. Of the 5-9 years age group, he noted, only 66% children were enrolled and the percentage continuously decreased as they moved up the education ladder; only 30% would make it to the 5<sup>th</sup> grade, whereas 10% would go to the middle school. The percentage of those who would make it to the secondary school was 6.7, and 0.6 for those who were able to go to higher secondary level. He also pointed towards wide gender gaps in the education of girls and boys with the former obtaining on average 1.3 years of formal schooling as compared to 3.8 years' formal schooling for the latter. Similarly, he said, the percentage of girls who never attended school was far higher than it was for boys. For girls it was 50% whereas it was 22% for boys. Dr. Humayun also pointed towards the poor physical infrastructure at most of the public primary schools. He lamented that 16.8% of all public primary schools were shelter-less, 39% had no drinking water, 62% had no electricity, 49% had no toilets, and 46% had no boundary walls.

Referring to a number of studies, he said the performance on learning objectives was dismal in public schools. What Dr. Humayun saw as particularly disturbing was that such conditions had obtained notwithstanding decades of reforms in the education sector. The obtaining conditions, he said, clearly showed that the reform efforts had failed to yield any dividends as Pakistan still ranked lowest on most of the education related indicators.

Dr. Humayun continued by pointing towards the whopping amounts spent on education by various stakeholders. In addition to Rs. 258 billion public spending in 2007-08, he said, private spending on education was Rs. 36 billion and that of donors was Rs. 34 billion. However, he said, the effectiveness of all that spending remained a question mark as neither of the systems appeared to be working. He viewed the flourishing business of private tuitions which catered to the students from both the public and the private schools as a testimony to the failure of both public and private schools. Even worse, he said, was the fact that the system did not seem responding to

the stimulus of increased funding/expenditures made available by the government, the donors, and the parents. In fact, he noted, all such resources had failed to create much impact as far as bringing any improvements in education sector was concerned.

Dr. Humayun attributed such state of affairs to two factors: a sharp disconnect between data, policies and budgeting and chronic and system wide governance and regulatory issues. Elaborating his argument, he said Education Data (EMIS, NEC, etc) had very little linkages, if any to policy and budgeting decisions. For example, data would tell you that teacher X was needed to be trained for Y number of days and that would cost Rs. Z. However, he added, that would not find its way into policy and budget making. He noted that cost for training all primary teachers would be Rs. 13 Billion, but that had not figured in any policy. Similarly, he added, National Education Policy Review had set the highly ambitious target of 100% primary enrolment in next two years without appreciating, and making provisions for, the enormous fiscal resources (Rs. 73 billion) that would be needed for realizing that goal.

Dr. Humayun also found fault with the ad-hoc policy responses for the deplorable state of affairs of education sector. In this regard, he mentioned National Education Policy Review Process which had started in January 2006. Though its White Paper was published in December 2006, which was revised in March 2007, and the Draft Education Policy was made available on web in April 2008, the policy was still awaiting final approval. In the meanwhile, federal budgets for 3 financial years were passed without taking into consideration the recommendations of the review process. The whole review process had thus become meaningless.

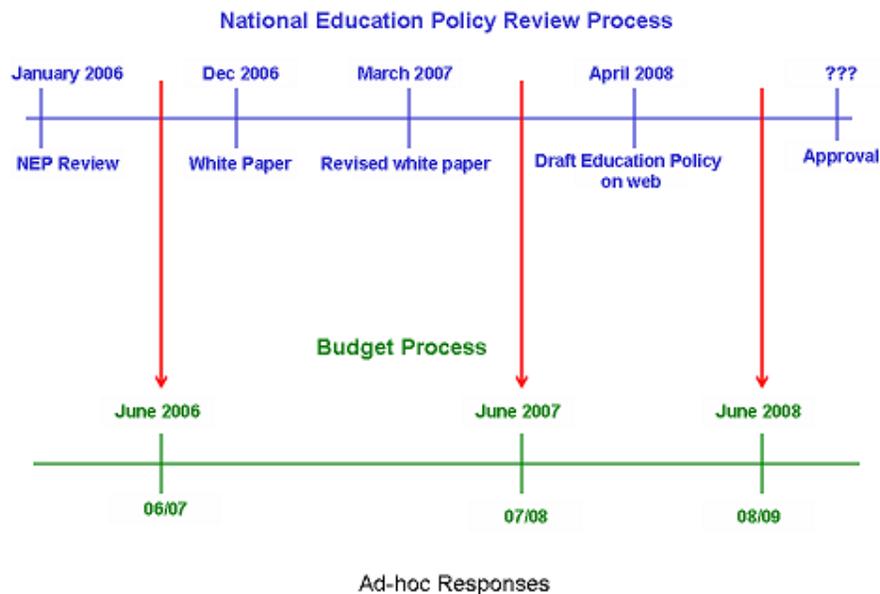


Figure : National Education Policy Review process

Similarly, he continued, various special initiatives taken for bringing about improvements in the education sector had failed to meet their avowed goals. In this regard, he mentioned Education Sector Reforms (ESR). The ESR, he said, had a total budget of Rs. 56 billion, out of which only Rs. 9 billion could be allocated. Still worse

was the fact that even that amount could not be spent. In fact, he said, Rs. 6.5 billion were spent, and the effectiveness of even that amount remained questionable.

Another issue, he said, was that of inadequate budget provisions, which generally did not cater for pedagogical material and operational budgets. Allocations, he said, were not made keeping in view the expenditures or requirements. Generally flat spending occurred without being responsive to differential needs of various groups. He also noted that administrative costs which were almost 19% of total spending were too high. Besides, he said, there were inefficiency costs as the ratio of teaching to non-teaching staff was very high (4:1).

In the end, Dr. Humayun spoke about ensuring effectiveness in public spending. He stressed that each Rupee spent on education should contribute to learning achievements of a student. This, he said was both a technical and a political issue: Technical because it pertained to capacity deficit to realize the avowed goals and political because of lack of political will to implement sound reforms towards that end. He was of the view that political parties needed to be on the center stage if we were to bring about desired changes in the education sector. He also emphasized transparency and accountability as both were vital to get rid of the governance problems that had plagued the system. He also highlighted the need for timely inter-governmental transfers. He also raised the question of how to generate a national response vis-à-vis issues of governance, management, and regulations.

### **Budget Formulation Process**

Mr. Razi Abbas, Additional Secretary, Ministry of Finance, Government of Pakistan

Mr. Abbas started his talk by commending the efforts of the organizers and thanked them for inviting him to the dialogue. Mr. Abbas said that a number of studies had been done at the World Bank and prestigious universities around the world which established clear and close links between *improvements* in a population's schooling, nutrition and health and *growth* in a nation's economic output. Unfortunately, he lamented, Pakistan had been unable to prioritize these issues for several years after its creation. The situation, he said, was changing as education had been enjoying the highest priority on the agenda of the social sector for years. However, he added, for several well known reasons, allocations had been modest when compared to defense, general administration and debt servicing. From the early 1990s onwards, he elaborated, allocations increased slightly when public spending witnessed a shift from infrastructure to the social sector. Following the shifting priorities of donors, provincial governments in Pakistan increased their spending on education, health, water and sanitation

Mr. Abbas was of the view that the devolution of governance in 2000 offered another opportunity to increase funding for education as it enabled local governments to match allocations to the needs of the education sector. Under devolution, he explained, provincial governments were required to transfer revenues to district governments, and district governments had been empowered to share them with sub-district governments. Revenue transfers from provincial to district governments took the form of formula-driven block grants, and were earmarked for specific use. Prior

to devolution, he said, education budgets and expenditures were determined at the provincial level, whereas post devolution, district governments determined education budgets and expenditures for most activities in the education sector. In addition, he continued, federal and provincial governments earmarked extra funds for specific use in the education sector. Districts also had the liberty to invest locally generated resources into education.

Mr. Abbas proceeded to guide the participants about budget formulation and disbursement process as supervised by the Ministry of Finance as he deemed it appropriate for setting the tone for the dialogue. In Pakistan, he said, revenue sharing was the dominant form of federal-provincial fiscal relations. The main source of provincial revenues was a transfer, based on a share of federal tax collections. The decision on the list of taxes to be shared, the ratio of the provincial-federal share of the pool, and the formula for its distribution, he elaborated, was fixed at least once every five years by the National Finance Commission (NFC). In addition to revenue sharing, the Commission awarded straight transfers, which generally came from sources that technically fell in the provincial domain but which were collected by the federal government for the sake of convenience. The NFC, he said, also allocated special lump sum transfers to NWFP and Balochistan.

Similar to federal-provincial transfers, he further stated, transfers from provinces to local governments were accompanied by a system of unconditional fiscal transfers from the provinces determined by Provincial Finance Commissions (PFCs). The PFCs evolved a formula for distribution of resources, including distribution of proceeds of the Provincial Consolidated Fund (PCF) between the provincial government and local governments

In recent years, he added, the capacity of provincial Secretariats for budgetary allocations had improved. Their frequency of meetings and public reporting and their interest in developing multiple grant systems were all improving. Population, he said, was the most important indicator used in all provincial awards. A backwardness index was used by three of the four provinces, and the two largest provinces incorporated tax-effort provisions.

Earlier, he said, district departments were just de-concentrated arms of the provincial government and did not receive transfers from the province except for discretionary grants for specific purposes. Now, pre-determined shares of the PCFs are passed as non-lapsable transfers. To enable this, he explained, district and tehsil funds had been created as accounting identities distinct from the PCF to prevent re-appropriation by the province. The intention was that all local government expenditure should be financed from own-source revenues or formula-based unconditional transfers.

Formulation of the annual budget at the federal level was a lengthy process, Mr. Abbas said. The Finance Division followed a time schedule for preparation of the federal budget. The process usually started in November and ended in June, when the new budget was presented and approved by the National Assembly. The process, he

said, included many stages and levels spread over a period of many months. Recurring budgets were prepared by relevant departments and organizations. These included staff salaries, maintenance, routine purchases, electricity, gas, water, telephone charges, research etc. These budgets were approved by the Finance Division on a case to case basis, according to the justification provided for the expense. Development budgets, he added, were prepared according to sectors and sub-sectors. The education sector, for example, provided information on all development projects from all of its sub-sectors. Project specific financial requirements were compiled on a detailed performa and were discussed by a Priorities Committee chaired by the Additional Finance Secretary. The recommendations of this committee were further discussed by Annual Plan Coordination Committee (APCC), which was chaired by the Deputy Chairman of the Planning Commission and attended by provincial Finance Ministers. The recommendations of the APCC were reviewed by the National Economic Council chaired by the Prime Minister. Approved development and non-development budgets were passed by the National Assembly and published and distributed by the Finance Division.

Explaining how the allocated funds are disbursed, Mr. Abbas said, at the federal level, the funds were released by the Ministry of Finance. If funds were required to be re-appropriated from one head of account to another, the Finance Division managed it. In certain cases, concurrence was required from the Planning and Development Division. If supplementary grants were needed during the course of the financial year, those were sanctioned by the Finance Division. Funds allocated for the social sector, he said, were not released lump sum but were released in installments in the first and second half of the year.

The Ministry of Education, he elaborated, would release sanction letters for the development budget, and submit these letters to the Financial Advisor's Organization of the Finance Division through a Section Officer in the Ministry of Education's Finance and Accounts section. This Finance and Accounts section would coordinate all matters relating to budgets and accounts. The Deputy Financial Advisor (Education), he added, would review all related documents, performae and past utilization reports and then endorse the sanction letters. These letters would then be submitted to the Accountant General of Pakistan Revenues for payment. A copy of the sealed authority regarding release of funds would also be issued to the concerned Ministry. The release procedure, he said, had recently been simplified, reducing the number of documents and offices involved in the disbursement of funds. The Section Officer in the Finance and Accounts section of the Ministry of Education would reconcile the Ministry's accounts during and after the close of the financial year

Mr. Abbas hoped that his outline of the process of budgeting and disbursement of funds for education would be helpful in the policy dialogue to follow. The Government of Pakistan, he assured, relied on the support of the country's non-profit sector for continuously inducing sustainable improvements in social service delivery, for introducing the latest research and state of the art technology, and for monitoring the

quality of our social services. That support, he said, was government's strongest link towards its vision of an educated, healthy, secure and affluent Pakistan.

### **Education Budget in Pakistan: An Analysis of Allocations and Spending**

Dr. Pervaiz Tahir, Mehboob-ul-Haq Professor of Economics, GCU Lahore

Dr. Tahir started by presenting a variety of statistics on national spending on education and comparing them with figures on international spending. He said that allocations for the social sector were the prime victim of increasing fiscal deficit and inflation. Therefore, he inferred, maintaining the current budget under such conditions would be a great achievement. Continuing Dr. Humayun's argument on the need for data to inform policy formation, Dr. Tahir reflected on the importance of accurate and credible data. NEMIS reports, he said, were hardly used to inform the policy process, indicating the lack of confidence in the quality of data it provided. Quoting Dr. Humayun's observation that Rs. 6.5 billion were spent on the Government's Education Sector Reform (ESR) efforts, Dr. Tahir commented that this amount was not spent but *released* to provinces, and that there was no evidence that the entire amount was actually utilized.

Countries	% of budget	% of GDP
Cuba	14.2	9.1
Djibouti	22.4	8.4
Maldova	20.2	7.6
Seychelles	12.6	6.5
Iran	18.6	5.2
Egypt	12.5	4.2
Indonesia	17.2	3.6
Mauritania	10.1	2.7
Pakistan	10.1	1.8

International comparisons in spending—2006

Dr. Tahir further stated that once the policies were formulated, the government did not track their implementation or the funds spent on their implementation. He noted that the importance given to education by Pakistan's founding fathers was demonstrated by the fact that the first post-independence conference in Pakistan was the All Pakistan Education Conference. The conference clearly set goals for the country, but as with all goals, rhetoric was not followed by action. Even the process of policy formation, he said, was faulty as it involved technical assistance and

authorship by consultants outside of the government, with little or no exposure to the realities in which the public education apparatus operated.

Dr. Tahir noted that the government's approach over the last few years had matured into an 'outcomes' based approach, but without any proper machinery to measure outcomes, it was difficult to understand how the government was implementing such an approach.

Referring to the UNESCO's recommendation to spend at least 4% of GDP on education, Dr. Tahir stated that in recent years, growth in GDP had fluctuated between 7% and 10% but this growth had not benefited education. He also pointed out that while the development budget for education had increased, the increase was limited to the budget for the Higher Education Commission (HEC), and therefore could not potentially impact schools. Dr. Tahir also commented on the performance of HEC.

He proceeded by posing the question, was the education budget rational? He was of the view that without creating a system that could accurately gauge the quality of education inputs and link them to the education budget, it was not possible to assess whether the budget was feasible. An attempt, he said, had been made to formulate education budgets for up to three years, but it was a futile exercise because planners adopted an incremental approach. With inefficient budgeting processes exacerbated by even more inefficient means of spending allocated funds, financial planning and management systems in Pakistan were far from adequate. To add to the inadequacy of the system, he said, institutions within the Ministry did not have the discretion to plan and implement initiatives to deliver desired outcomes.

Dr. Tahir continued by discussing the Medium Term Budgetary Framework (MTBF), and recommended the framework as a means to overcome incrementalism. The framework, he said, involved determining output indicators, setting up activity levels for their achievement and medium term costing for achieving them. The framework promoted commitment, ownership and training as means to accomplish outputs. The MTBF, he noted, had covered the Ministry of Education since the financial year 2006-07.

### **Education Policy and Budgeting from the Gender Perspective**

Mr. Muhammad Sabir, Principal Economist, SPDC, Karachi

In his presentation, Mr. Sabir proposed a two-step approach to gender responsive budgeting. The first step, he said, was analysis - understanding what was happening to women, men, girls and boys in society, in policies, in budgets and in implementation. The second step was formulation - adjusting policies, programs, budgets, and implementation, wherever necessary to make them gender responsive. In order to be gender sensitive, he said, the budget process must target gender-based expenditures, make room for expenditures for equal employment opportunities for government employees, and judge mainstream budget expenditure on its impact on

women and men, girls and boys. Gender responsive budgeting, according to Mr. Sabir, owed its roots to the Fourth World Conference on Women in 1995. He mentioned the Gender Responsive Budgeting Initiative launched in 2005 in Punjab but said there was no evidence that the project was successful.

Referring to Dr. Eysha Mujahid Mukhtar's paper, 'Gender Aware Policy Appraisal: Education Sector', he said that without gender based policy appraisals and appropriate resource allocation, it would be impossible to close the gender gap. He stressed on the need to look not just at the supply side—but also at the demand side—when developing budgets. An important demand side element that was ignored in the budgetary process was the value attached to female education, Mr. Sabir said.

According to the World Economic Forum (WEF), he said, Pakistan stood at 126 out of 128 countries in terms of gender gap - education attainment was included in the various indicators that contributed to that standing. If the government was attempting financial reforms, he said, it needed to assess the usefulness of its efforts. For example, he said, the government was actually subsidizing higher education for the rich and was not prioritizing its efforts as it should.

Mr. Sabir also introduced gender-disaggregated public expenditure incidence analysis, a process that analyzed the extent to which stakeholders benefited from expenditures on publicly provided services. He explained the three-step methodology for this incidence analysis:

- Estimates were obtained on the unit cost of a particular service based on officially reported public spending on the service.
- The unit costs were then imputed to households, which were identified as users of the service.
- Aggregated estimates of benefit incidence were obtained in groups ordered by income.

The analysis, Mr. Sabir said, indicated a problem in the upper and lower tiers of society, as both were not using public education services. For the upper tier, he stated, that if they weren't using public services, it indicated that they were using private education facilities, but for the lower tiers, if they weren't using public education services, it meant that they weren't using any.

Education Level	Male		Female		Both Sexes	
	Per Capita (Rs.)	Share (%)	Per Capita (Rs.)	Share (%)	Per Capita (Rs.)	Share (%)
<b>Primary Education</b>						
Punjab	2,531	54.2	2,381	45.8	2,460	100
Sindh	2,026	60.8	1,381	39.2	1,713	100
NWFP	2,432	64.5	1,534	35.5	2,013	100
Balochistan	2,126	67.7	1,216	32.3	1,712	100
<b>Urban</b>						
Punjab	1,855	49.6	2,084	50.4	1,964	100
Sindh	1,699	50.2	1,613	49.8	1,655	100
NWFP	1,896	57.5	1,612	42.5	1,764	100
Balochistan	2,586	61.3	2,048	38.7	2,347	100
<b>Rural</b>						
Punjab	2,786	55.5	2,495	44.5	2,648	100
Sindh	2,179	65.9	1,255	34.1	1,742	100
NWFP	2,527	65.5	1,520	34.5	2,057	100
Balochistan	2,014	69.9	1,025	30.1	1,561	100

Benefit Incidence of Public Spending on Education

Mr. Sabir concluded by saying that gender disparities in education finance were visible according to province, region (rural/urban), income group, and level of education. To reduce gender disparities, he recommended incorporating gender aspects at the policy development stage, linking budgets to gender sensitive policies, and focusing on girls and women belonging to the poorest segments of society. He also recommended setting region-specific gender sensitive objectives for education, and linking these objectives to specific budgets and targets.

### **Effectiveness of Public Spending: Evaluation of Learning Outcomes**

Mr. Abbas Rashid, CQE

While noting that student achievement was a key indicator of the effectiveness of every rupee spent under the head of education, Mr. Rashid used data from National Education Assessment Systems (NEAS) and the study on Learning and Educational Attainment in Punjab Schools (LEAPS) to argue that:

- regardless of budgetary allocations student achievement remained at a low level;
- though the private sector schools did better than their public sector counterparts, students in both performed well below their grade level.

Mr. Rashid stressed that basic education was a constitutional right, a service that, regardless of budgetary priorities, the government must provide. He reiterated that while it was common knowledge that the performance of the public sector was below standard, the performance of the private sector was only marginally better. However, he said, the private sector was performing better at a much lower cost. As for the

argument that the private sector was more efficient, he opined that the efficiency argument was false because students from both public and private schools enrolled in tuition centers to improve their examination scores.

Referring to the LEAPS study that assessed the performance in Urdu, English and Mathematics of Grade 3 students from Faisalabad, Attock and Rahim Yar Khan, Mr. Rashid argued that students were performing significantly below curricular standards, scoring between 30-35% on the three subjects.

<b>What Children Know in Urdu at Grade 3</b>		
Question	Corresponding Grade Level	Answered Correctly (%)
Match picture (house) with correct answer	1-2	52%
Match picture (book) with correct answer	1-2	73%
Write a sentence with word 'school'	1-2	31%

An assumption rendered false by the LEAPS study, he said, was that students did not need to be examined in the language of instruction, since they were fluent in it. Students surveyed, he noted, performed relatively better *in all subjects*. Rural students performed better in Math while urban students performed better in languages.

Mr. Rashid said if State was to survive, it must develop competence in all public sectors so that it was able to provide basic rights to its citizens, especially education to its children. Commenting on the collection of NEAS data, he wondered why the government strived to collect the data if no one was bothered to use it for planning purposes.

### **Education Budget Tracking and Monitoring: Role of Parliament, Political Parties, and Civil Society**

Mr. Mazhar Siraj, Research Fellow, Consumer Rights Commission of Pakistan

Mr. Siraj started by outlining the need for—and potential benefits of—tracking and monitoring of the education budget, and also highlighted the role of Parliament, political parties and civil society in monitoring public spending on education. Mr. Siraj discussed various aspects of the conceptual debate on monitoring including politics of resource allocation, issues related to rights and social justice and transparency and accountability.

Discussing the benefits of budget monitoring, Mr. Siraj said:

- it increased citizen engagement in fiscal processes needed for efficiency and effectiveness of resource allocations (Studies on Brazil, Bolivia, India, Philippines, Uganda and US);

- popular involvement and oversight ultimately would lead to democratization of a public policy arena, which was usually prerogative of technocratic elites in the government (Heimans, 2002);
- as priorities might change during the course of a financial year and funds might be re-routed, budget monitoring was a logical corollary of budget formulation to target the money at the right place;
- budget tracking and monitoring involved a continuous process of collecting and analyzing the flow of public funds and resources from those allocating the funds to frontline service providers. The ultimate objective was to ensure that resources actually reached the target groups with equitable outcomes;
- budget monitoring was concerned with both current and development budget, but emphasis rested on development budget, as it provided wider fiscal space for reprioritization;
- budget monitoring identified areas of under-spending, misplaced allocations inefficiencies such as leakages and delays in the flow of funds between those allocating finances (government) and those receiving the funds (service providers such as teachers); and
- it would establish whether the policy commitments were being honored.

Mr. Siraj proceeded to present examples of indicators to help monitor the budget process:

- Budgetary allocation for education as a % of GDP.
- Utilization as a % of budgetary allocation.
- Current versus development budget.
- Per student expenditure.
- Gender-disaggregated allocations.
- Quality of learning outcomes.

Monitoring tiers, he said, included:

- By budget head: budget as a whole or current, development or line item
- By sub-sector: primary, middle, secondary, higher secondary, etc.
- By program: programs or activities
- Fiscal/budget process: budget rules, revenue, allocations, expenditure, evaluation
- Administrative: national, provincial and/or district education budget.
- Territorial: by geographical area.

Mr. Siraj then discussed the role of parliamentarians in influencing the education budget. He said that they did not play a major role at the stage of budget formulation; in fact, the Standing Committee on Education played a minimal role in scrutiny of budget proposals. And parliamentary debate, he said, was too short to allow effective and meaningful consideration of allocations. He said that a review of the budget

debate from 2006/7 showed that the social sector as a whole remained on of the least debated areas in National Assembly's general discussion on the budget. The budget speech, he elaborated, consisted of 99 paragraphs, out of which education was addressed in only one (as compared to 18 paragraphs for tax policy and tax administration, 13 for economic performance, 7 for agriculture, 6 paragraphs for the industrial sector, etc). And the little time that was devoted to education did not provide a consequential link to the education budget.

Mr. Siraj also presented an interesting anecdote on questions raised by Members of the National Assembly:

- A starred question by an MNA (June 2006): Would the Minister for Education be pleased to state:
  - (a) The location of the Federal Urdu University;
  - (b) The academic faculties available in this said University; and
  - (c) The faculty-wise total number of students in the said University
- An un-starred questions asked by an MNA (June 2006) : Would the Minister for Education be pleased to state:
  - (a) The names of teachers working in Federal Government Higher Secondary School, G-9/2, Islamabad....

Mr. Siraj cited some best practices from governments around the world. In the state of Minnesota, USA, he told, the fiscal staff of Senate Counsel, Research and Fiscal Analysis Office uses spreadsheets to record executive and legislative budget decisions at key steps in the budget process. In Canada, the Legislative Analyst's Office presented alternative budget proposals for government's 2008-09 education budget. And in Brazil, municipalities have institutionalized citizen engagement in budget making. In this regard, the impetus had come from a progressive political party.

He further stated that some civic initiatives that the civil society could undertake were advocacy and networking in budget formulation and budget analysis, formulation of alternative budget proposals, scrutiny of government budget priorities from a pro-poor perspective, and training for citizens and legislators on budget literacy. Mentioning the constraints to public participation and monitoring of the budgetary process, he discussed the technical complexity of government budgeting and accounting systems, a deficit in research capacity, especially input tracking, public expenditure tracking surveys, budget analysis, etc. Access to credible information, he said, was difficult, and technocratic and political elites sometimes offered resistance to public participation.

In order to facilitate a greater role of civil society, Mr. Siraj provided the following recommendations:

- Budget monitoring initiatives should originate from the Parliament and elected bodies at the provincial and district levels; Education should be taken as pilot sector.

- Parliamentary opposition needed to take on more proactive role in tracking and monitoring of public spending on education. It should present alternative budget proposals.
- Civil society needed to move beyond process-oriented focus to more comprehensive knowledge-building and advocacy programs for effectiveness of public spending in education sector.

### **Discussants**

Dr. Pervaiz Tahir, speaking on budgeting to attain gender equity, said that rhetoric had not been followed by budgeting. In discussing the recommendations of the Government of Pakistan's Gender Responsive Action Plan (GRAP) which envisaged that every Ministry in Pakistan should follow GRAP, he commented that instead of importing an external organization to dictate an action plan, each Ministry should devise its own plan, keeping in mind its own culture.

Ms. Shahida Khattak, in her comments on Mr. Rashid's presentation, said that though the government was spending a lot of money on 'free' education, learning achievement for students was at approximately 30 – 35%. Six years ago, she recalled, the baseline for a teacher training project showed learning achievement rates at approximately 30%. Studies following the project showed an increase in learning outcomes, but a few years later, they dropped to levels which existed before the project was started, mostly because of a lack of academic supervision. Ms. Khattak said that it was high time that the State realized that effective supervision was one of the basic needs of the system.

Chaudhry Shafique, commenting on Mr. Siraj's presentation, said that, in the last budget session, education was not selected among the issues for discussion, and therefore, the education budget could not be debated in parliament. He said the Parliamentarians could play an effective role in promoting education in various capacities – in their individual capacity, by contributing to planning and decision making in Standing Committees, and by offering positive inputs in Public Accounts Committee.

Discussing capacity and fiscal deficits in the education sector, he said that while the capacity deficit was being filled by donors, no effort had been made to fill the political deficit. It could be filled by efficiency during parliamentary sessions. He said academics and non-profits invited politicians to seminars but they did not follow up on post seminar points of actions. Neither did the academics and non-profits engage with them on a regular basis. Political leaders, he complained, prioritized issues other than education. Political parties also did not have committees to inform education on their manifesto.

Dr. Aliya H. Khan argued that equity in education would be impossible without giving a voice to the poor. She noted that pro-poor policy analysis was usually undertaken by academic and civil society organizations and not by the government, but academics and civil society did not have robust mechanism to ensure

implementation of their recommendations. Therefore, she said, the education sector was stuck with the government's analyses and the analyses of the non-government sector, without any bridge between the two.

### **General Discussion**

Following the presentations by the speakers and comments by the discussants, the floor was opened for general discussion. Participants showed keen interest in the topics discussed during the dialogue. Following are some of the comments made during the general discussion.

- Nargis Sultana from DFID, emphasized that along with budgeting, we also needed to focus on utilization of budget items. She said that the National Education Policy which was being finalized should be made a part of the national budget. She stressed the need for the planners to exploit the flexibility in the development budget and should use it creatively to meet the financial needs of the education sector.
- Dr. Salman Humayun noted that some organizations, for example the Federal Directorate of Education (FDE) had availed this flexibility to meet their needs.
- A participant said that if utilization and the Ministry's absorption capacity were issues, then the public education sector needed to interact with various organizations with the technical capacity to support efficient spending of allocations.
- Another participant noted that if policy implications were taken to the street, they could be transformed into action.
- Citing the example of the District Assembly in Sukkur, Dr. Salman Humayun said the use of the development budget was debated in the Assembly before being allocated. And the fact that it was debated and not a unanimous decision meant that the process was truly democratic and participatory.
- Giving the example of a head teacher in Rahim Yar Khan, a participant said that the head teacher was unwilling to spend funds because he was intimidated by government audits. Therefore, even though his school was struggling for funds, he transferred Rs 4,000 out of his allocated Rs. 9,000 to the following year. This, he said, was an example of a faulty system of accountability.
- Another participant suggested detaching the members of the parliament from their respective constituencies, so they could work for the interest of the nation and not just their own constituency.
- Some other issues raised by the participants included the need to increase school budgets; educating the poor through their local public representatives;

advocating a role for parliamentary committees in budget formation; making education attractive to students and their families to prevent drop outs; holding government officers accountable for misspent funds; improving the status of teachers, and allocating complete spending budgets to projects instead of allocating them on a piecemeal basis.

**Wrap up and Recommendations**

Dr. Salman Humayun, Executive Director I-SAPS

Dr. Humayun wrapped up the proceedings of the dialogue and recommended that I-SAPS and CQE should stay engaged with the parliamentarians after the budget so that the proposals coming out of the dialogue are followed through.

**Vote of Thanks**

Mr. Abbas Rashid, CQE

Mr. Rashid, on behalf of CQE and I-SAPS, thanked all the participants for taking time out to attend the policy dialogue.