

**Report on**  
**Post-Budget Policy Dialogue on Education**

**Wednesday, July 16, 2008**  
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**Institute of  
Social and Policy Sciences**



**Campaign for Quality Education (CQE)**

## Introduction

Pakistan's education sector has not been performing satisfactorily, in comparison with many other countries, on key indicators such as net enrollment, universal primary education, adult literacy, quality of learning outcomes, gender balance, etc. If we look at the underlying factors, budgetary processes associated with education sector at the federal, provincial and district levels stand out distinctively as a major contributor to this state of affairs. Misplaced priorities due to incremental budgeting detached from data, low budgetary allocations as a percentage of Gross Domestic Product (GDP), missing budget lines, delays in fiscal transfers, underinvestment due to poor spending capacities, and lack of transparency are some of the persistent problems that continue to adversely affect the intended outcomes of education spending.

Budgetary allocations are not leveraged against the major challenges like access to 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. Currently there are no effective tracking systems in place to monitor the budgetary allocations, fiscal transfers and spending. Taken together, these problems are undermining the citizens' access to quality education as a fundamental human right on one hand, and are limiting Pakistan's capacity to leverage the role of education in poverty reduction and human resource development, on the other. The dialogues described in this document are based on the assumption that in democracies elected legislatures can, and should, play a crucial role in increasing the effectiveness of public spending on education.

A review of the federal and provincial education budgets for the fiscal year 2008-09 corroborates the above analysis. The review – conducted by Institute of Social and Policy Sciences (I-SAPS) in collaboration with the Campaign for Quality Education (CQE), reveals important findings. The federal education budget 2008-09, for example, shows a marginal increase of 1.55% over the previous year. The development budget has decreased by 0.89% over the allocations made in last year, but has increased by 14.16% over the revised estimates for 2007-08. Apart from concerns about adequacy of these allocations to offset the effects of inflation, misplaced priorities are clearly evident in the education budget.

Keeping the above in view, I-SAPS and CQE initiated a series of policy dialogues with stakeholders to sensitize them on the critical relevance of public spending patterns with educational outcomes, and to kick off an informed policy debate for addressing the persistent issues in education policy and budgeting, allocations, and spending. The main idea was to make contributions for increased effectiveness of public spending on education.

I-SAPS and CQE were able to engage a select group of technocrats and parliamentarians through research and policy dialogues in a process-oriented approach to enhance the effectiveness of public spending on education. Before the present one, three dialogues were held of which one was a pre-budget policy dialogue with key stakeholders whereas the other two involved a number of

parliamentarians on key issues in education budget. Continuing with that process, I-SAPS and CQE arranged a Post-Budget Policy Dialogue on Education – the fourth in the series of dialogues, on July 16, 2008 at Islamabad. The dialogue critically examined both federal and all provincial budgets for the fiscal year 2008-09.

### **Aim and Objectives**

The main aim of the policy dialogue was to stimulate evidence-based debate on education budgets for increasing their effectiveness to achieve quality learning outcomes. Specific objectives were as follows:

- a. Analyze the federal and provincial education budgets for 2008-09 and share the findings with key stakeholders to solicit their feedback on issues identified in the analysis;
- b. Discuss the effectiveness of Parliament's role in education budgeting with special reference to the 2008-09 budget, in comparison with previous year; and
- c. Highlight issues in monitoring of education budget and discuss the measures needed to put in place effective institutional mechanisms for tracking budget process, allocations and spending.

### **Speakers, Discussants & Chair**

**Speakers:** Mr. Abbas Rashid (CQE); Dr. Salman Humayun (Executive Director, I-SAPS); Mr. Mazhar Siraj, (Research Fellow, Consumer Rights Commission of Pakistan); Ch. Shafique (Chief Coordinator, Parliamentarians' Commission for Human Rights).

**Discussant:** Dr. Pervez Tahir, (Mehboob-ul-Haq Professor of Economics Government College University, Lahore).

**Chair:** Dr. Fayyaz Ahmed (Joint Educational Advisor, Ministry of Education).

### **Proceedings of the Dialogue**

#### **Welcome Note**

Mr. Kashif Mumtaz, Research Fellow, I-SAPS

Mr. Mumtaz welcomed the participants and thanked them for sparing time to attend the dialogue. Following the introductory remarks, he explained the objectives of the dialogue. The dialogue, he said, would analyze the federal and provincial education budgets for 2008-09, and share the findings with key stakeholders to solicit their feedback on issues identified in the analysis. The effectiveness of Parliament's role in education budgeting with special reference to the 2008-09 budget, in comparison with previous year would also be discussed, he added. Besides, he said, the dialogue would highlight issues in monitoring of education budget and discuss the measures needed to put in place effective institutional mechanisms for tracking budget process, allocations and spending.

The dialogue, he concluded, would also underscore the need for effectiveness of public spending from the perspective of access and quality in education.

### **Analysis of Education Budget 2008-09**

Dr. Salman Humayun, Executive Director I-SAPS

The main objectives of Dr. Humayun's presentation were to share analysis of education budget 2008-09 from the perspective of its responsiveness to issues of access to and quality of Education, and to identify priorities of the governments through budget lens and debate their relevance with education needs. After setting the context, and explaining the scheme of his presentation, Dr. Humayun gave an analysis of education budget 2008-09. He said that the total education budget was Rs.49,243 million, out of which Rs. 24,622 million had been allocated for current expenditure and Rs.24,621 million for development schemes. Thus, the current budget was higher than the development budget by one million rupees.

Following this, he gave a comparison of the recent budget with previous year's budget, noting that 2008-09 education budget registered an increase of 0.9% over the budget estimates for 2007-08, but an increase of 7.4% over the revised estimates for previous year. The current budget for 2008-09 increased by 1.55% over the budget estimates for 2007-08, and by 1.41% over the revised estimates for the same period. Though the development budget for 2008-09 decreased by 0.89% in comparison with the development budget for 2007-08, it showed an increase of 14.16% over the revised estimates for 2007-08. That, he commented, showed development budget earmarked for 2007-08 had not been fully utilized.

He further said that slightly more than half of the total education budget of the federal government was set aside for meeting the current expenditure (i.e. salary and non-salary). In 2008-09, the government allocated Rs.24,622.0 million for this purpose, an increase of Rs.475 million (1.55%) over current budget for 2007-08. The current budget of Education Division, he said, had increased by 2.67% only, as compared to the previous year. However, in real terms, the current budget for Education Division had decreased over the last year budget estimates.

Commenting on the federal education budget 2008-09, Dr. Humayun said Public Sector Development Programme (PSDP) and Demand for Grants were not consistent as cadet colleges to be built in Pishin and Ziaret were mentioned in the PSDP, but not in Demand for Grants. For nine new cadet colleges in the country, he added, total budget was Rs. 2893 million but allocated budget for FY 2008-09 was only Rs. 275 million. He also pointed towards the huge gap in budgetary allocations for cadet colleges in Punjab and NWFP (50 million per cadet college) and for those in Balochistan (5 million per cadet college). Dr. Humayun questioned the wisdom of spending such hefty amounts for building cadet colleges which would cater to the needs of selected few, arguing that the amount spent on cadet colleges could have been utilized to upgrade about 513 schools in this financial year. This, he said, was important in view of having one middle school for around 9 primary schools. He also discussed the issue of public sector funding for private sector referring to the grant of Rs. 1500 million for LUMS' engineering school.

He further said Higher Education Commission (HEC) had been given Rs. 18 billion despite the fact that its project satisfaction rate, according to Commission's own estimates, was 50%. Dr. Humayun drew participants' attention towards very little research funds available with various organizations. Academy for Education Planning and Management, for example, had Rs. 16.5 Million for salaries of its staff, and only Rs. 0.5 million for research. National Education Management Information System (NEMIS) had Rs. 2.69 million for salaries but only Rs. 0.2 million for research. Similarly, National Education Assessment System (NEAS) had a current budget of Rs. 13.74 million as compared to Rs. 6.94 million development budget.

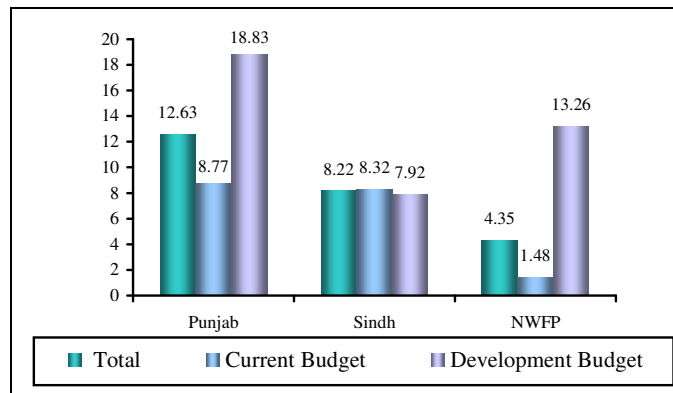
Following this, Dr. Humayun discussed NWFP education budget 2008-09. The NWFP Government, he said, allocated Rs. 7,411.27 million for education in its annual budget for 2008-09. Out of the total outlay of the education budget, Rs. 1,903.89 million were allocated for current expenditure and Rs. 5,507.38 million for the development schemes in the education sector. Thus, he said, the development budget was higher by Rs. 3603.49 million than the current budget. As compared to the budgetary allocation for 2007-08, the allocation for 2008-09 had increased by Rs. 765.43 million (11.52%). He further stated that a considerable proportion of the total education budget had been allocated for meeting the current expenditure (i.e. salary and non-salary). In the 2008-09, the current budget was Rs. 1,903.89 million, which showed an increase of Rs. 297.64 million (20.66%) over 2007-08 budget estimates and Rs.291.30 million (20.14%) over 2007-08 revised estimates. The total size of the education development budget was 5,507.38 million for 2008-09, which was higher by Rs. 664.03 million (13.71%) over 2007-08 budget estimates and 6.8% over 2007-08 revised estimates.

Talking about function/sub-sector wise distribution of NWFP education budget for 2008-09, he said the biggest chunk had been allocated to the school education (56%), followed by college/university education (41%). The administration, archives, libraries and museums, and others had been allocated 1 % each of the education budget. Comparing the current budget for 2008-09 with that of 2007-08, Dr. Humayun noted an increase of Rs. 297.64 million (20.66%) over 2007-08 budget estimates and Rs.291.30 million (20.14%) over 2007-08 revised estimates. The salary budget registered an increase of Rs. 297.64 million (20.66%) over the salary budget for 2007-08, and 20.14% over the revised estimates for 2007-08. The non-salary cost, he added, increased by Rs. 0.63 Million (0.38%) over the 2007-08 budget estimates and increased by Rs. 88.76 Million (115%) over 2007-08 revised estimates.

On NWFP development budget, he said that development budget was 74% of total education budget. The development budget was utilized for 90 schemes. 13.26%, he added, of total development budget went to education. The greatest chunk of development budget went to secondary education (52.16%), followed by college education (23.54%) and primary education (23.38%). University education got 0.51%, while others' share of the development budget was 0.44%.

Following NWFP, Dr. Humayun discussed Punjab education budget for 2008-09. The Punjab Government, he said, had allocated Rs.52,650.630 million for

education in its annual budget for 2008-09. Out of the total outlay, Rs. 22,521.626 million had been allocated for current expenditure and Rs. 30,129.000 million for development expenditure. Thus, the development budget was higher than the current budget by Rs. 7607.374 million.



Comparison of Provincial Education Budgets in percentage (2008-09)

Comparing the 2008-09 budget with that of 2007-08, Dr. Humayun noted an increase of 21.78% in the budgetary allocation for 2008-09. When compared with the revised estimates for 2007-08, the 2008-09 allocations increased tremendously by 63.73% because a considerable proportion of the budget could not be spent in 2007-08. In 2008-09, the Punjab government allocated Rs. 22,521.626 million for current expenditure, an increase of Rs. 791.3 million (3.64%) over current budget for 2007-08. The Punjab government allocated Rs. 30,129.00 million for on-going and new development schemes in education sector in 2008-09. The amount was higher by Rs. 8,648.55 million (40.26%), as compared to the development budget for 2007-08. However, he added, compared with the revised estimates for 2007-08, the development budget showed an increase of Rs. 12,050.71 million (66.66%) due to under spending of the budgetary allocations in the previous year.

Dr. Humayun also compared the current budget (salary & non-salary) for 2008-09 with that of 2007-08. He noted that salary cost in 2008-09 budget had increased to Rs. 9,329.13 million from Rs. 7,687.77 million in 2006-07, showing an increase of 21.35%. Non-salary cost, he added, had decreased from Rs. 14,042.56 million in 2007-08 to Rs. 13,192.49 million in 2008-09 showing a decrease of 6.05%. However, when compared with the revised estimates for 2007-08, the figure showed an astounding increase of 103.92 million. Punjab's development budget, Dr. Humayun said, constituted 57% of total education budget. It covered 208 schemes. 18.83% of total development budget went to education.

Describing the sub-sector/function-wise share of development budget, he said that its largest share had been earmarked for school education (55%). The college education had been allocated 30% of the development budget followed by special education (6%), sports (5%) and literacy and NFB education (4%). Dr. Humayun noted with concern that Rs. 1,700.00 million allocated amount for up-graded schools had not been disbursed/utilized, so the allocation for 2008-09 remained same. He further said that 2007-08 budgeted amount of Rs. 772 million had been revised (2007-08) to Rs. 53.33 Million (7% of budgeted amount) for school councils. The allocation for 2008-09 was Rs.1,022 million.

Dr. Humayun then discussed the Sindh education budget 2008-09. The Government of Sindh, he said, had allocated Rs. 19,755.83 million for education in its annual budget for 2008-09, out of which, Rs. 15,055.83 million had been allocated for current expenditure and Rs. 4,700.00 million for development budget. Thus, the current budget was higher than the development budget by Rs. 10,355.83 million showing that a very huge proportion of the education budget 2008-09 had been allocated for the current budget, as compared to the development budget.

Comparing the education budget of 2008-09 with that of 2007-08, he noted that total education budget 2008-09 had shown an increase of Rs. 2,983.66 million (17.79%) over 2007-08 budget estimates and an increase of Rs. 6,305.76 (46.88%) over 2007-08 revised estimates. The total volume of the current budget (salary and non-salary) for 2008-09 had risen from Rs. 14,556.23 million in 2007-08 to Rs. 15,055.83 million showing an increase of 3.4%. However, the increase was 44.19% over previous year's revised estimates. He further said that the total size of the education development budget 2008-09 was Rs. 4,700 million which was higher by Rs. 2,484.06 million (112.10%) as compared to the development budget for 2007-08. However, when compared with the revised estimates of 2007-08, the development budget had been increased by Rs. 1,691.51 million (56.22%).

Comparing current budget (salary & non-salary) 2008-09 with that of 2007-08, he said that the salary budget for 2008-09 had risen by Rs. 843.95 million (16.61%) over 2007-08 budget estimates and by (19.77%) over 2007-08 revised estimates. Non-salary cost estimates, he added, had decreased in 2008-09 by Rs. 354.35 million (3.76%) over 2007-08 budget estimates and increased by Rs. 3,624.57 million (66.68%) over 2007-08 revised estimates. He further said that development budget constituted 24% of total education budget, which covered 108 schemes. 7.92% of total development budget went to education.

Giving function/sub-sector-wise share of development budget, he said that the largest chunk went to miscellaneous (36.39%), followed by 23.34% for college education and 22.15% for secondary education, whereas primary/elementary education got only 8.76%. Other heads included: technical education (5.41%), special education (1.70%), administration (1.26%), and teacher education (1.00%).

Speaking on Baluchistan budget, Dr. Humayun said that province's current budget was not available, whereas its development budget stood at Rs.2218.794 million. Development budget for education, he added, was 14.09% of total PSDP. There were 19 on-going development schemes in the province. However, no new scheme in the province had been introduced in 2008-09 budget except Federal Government cadet colleges and HEC schemes.

In the end, Dr. Humayun presented his conclusions. He said there was a serious issue of inconsistency between data and budget books. He noted different heads were being used for different functions in different provinces. He called for a shift from incremental to need based budgeting. He said what was needed was not a paradigm shift but only a regard for common sense as for as data, policy, and budget were concerned. He said each rupee spent on education needed to

contribute to learning achievements of students. 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 highlighted the need for timely inter-governmental transfers. He also raised the question of generating a national response vis-à-vis issues of governance, management, and regulations.

### **Effectiveness of Parliament's Role in Education Budget**

Chaudhary Shafique, Chief Coordinator, Parliamentarians Commission for Human Rights (PCHR)

Mr. Shafique started by introducing the PCHR, which he said was a voluntary organization comprising members of Pakistani Parliament from all the major political parties and four provinces of Pakistan who had joined hands for the sole aim of protection and promotion of Human Rights through the parliament. The Commission's understanding of Human Rights, he said, was based upon the Universal Declaration of Human Rights and other principal Human Rights instruments. The Commission, he said, believed that, by and large, internationally recognized framework of Human Rights was fully compatible with Islam and the Muslims had indeed a religious duty to strive for a just society, where rights of all citizens, Muslim and non-Muslim alike, were guaranteed.

Mr. Shafique then said that the budget was a political and economic document and a means of communication between legislative and executive arms of the government and the public, and represented the basic link joining the government and the parliament. Elaborating his point, Mr. Shafique said the parliament debated, adopted and controlled the budget, while the executive arm was responsible for the implementation of the political will thus expressed by the parliament. That was why, he argued, the budget was the main mechanism linking and setting in motion both these levels of government.

Mr. Shafique proceeded to explain the budgetary process which, he said, comprised a system of the main rules (formal and informal) that enabled executive government to make the decisions leading to the preparation of the budget, its presentation and acceptance in parliament and, ultimately, the execution of the budget. Discussing the procedure for adopting the budget, he said, that was more or less identical in all contemporary parliamentary systems. The procedure consisted of the following phases or steps:

- Ministry of Finance's initiative for preparation and adoption of the budget (call for proposals);
- Spending agencies' plans of revenue and expenditure;
- Government shaping of the proposal of the budget, and sending it to the parliament by the government;
- Debate on and approval of the budget by the parliament; and
- Execution of the budget by the spending agencies.

The fourth step in which parliament debated and approved the budget, he explained, consisted of debates about the proposal of the budget in the working



bodies of the parliament and at the sessions of parliament. At those, he said, the overall budgetary policy of the government as proposed in the national budget was discussed. He further elaborated that when the government's proposal of the budget was approved and published in the Official Gazette, the budget would become a statutory instrument that had to be adhered to by all those involved in its execution and which depended on the budget (the spending agencies of the budget).

Following that, Mr. Shafique elaborated upon the role of the parliament in the formulation of the budget. He was of the view that the modern parliamentary and democratic societies must have the capacities to be effective in both the executive and in the legislative arm of government. The role of every parliament in the budgetary process, he argued, depended on many factors, such as the autonomy of the parliament, the duration of the process and the speed with which quality budgetary decisions were made. He said where the government informed the parliament of its intentions; it allowed the latter to engage in healthy debate which would help to ensure that the policies subsequently adopted and implemented by the government would adequately reflect the wishes of the people. Involving the parliament only in the final stage of the process, he said, tended to foster sterile confrontation. In some systems, parliament was given the opportunity to provide inputs at the budget formulation stage in order to ensure that national and local priorities were fully incorporated. However, he noted, the importance of the parliament (the supreme legislative authority of a given country) in the budgetary process varied from country to country, depending on the extent of the power possessed by individual members of the parliament and the role and power of the parliamentary committees. In Pakistan, he added, committees had no significant role.

Discussing the influence of ruling party in budget process and role of opposition, he said, though in theory, the parliament could modify the government's draft budget, in practice that was never done. This was, he explained, because of the voting majority that the ruling coalition had in the parliament, and the fact that members of the parliament usually obeyed their party whip. That, he said, was actually the major reason why the role of the Pakistani parliament during the legislative phase of the budgetary process was not as great or as significant as it should have been. Opposition, he said, was supposed to submit cut motions on selected ministries to initiate policy debate on certain matters. There was, he commented, plenty of room in the parliament for improvement of its work with respect to budgetary matters, as well as opportunities for further development and enlargement of the role of the parliament during the legislative and subsequent phases. Mr. Shafique then briefly described the rules of procedure and Conduct of Business in National Assembly and financial matters.

Mr. Shafique proceeded to discuss the issues highlighted regarding education in the recent budget process through general debate and cut motions by members of PCHR. He said total number of cut motions submitted by opposition in the budget was 58, out of which 20 were submitted by the PCHR members. The cut motions were about:

- the inability of the government to give priority to employment related vocational educational and skill training programmes;

- delay in announcement of new educational policy in the country;
- the failure of the government to enroll all primary school going aged children;
- standard of education in Pakistan;
- the provision of quality education opportunities for students of Balochistan and FATA in professional institutions including LUMS;
- the government policy regarding grant for sustainability of community schools established by NEC,
- the government policy on enhancing participation in education through targeted conditional cash transfer programmes;
- the failure of the government regarding making the teachers training institutions more functional;
- government's policy of up-grading primary schools to middle schools and middle schools to secondary level;
- intention of the government to construct cadet colleges throughout Pakistan;
- government policy on Education For All (EFA), and provision of missing facilities to primary and elementary schools;
- German Debt Swamp II for education in NWFP;
- Government policy on promotion of children literature (Phase IV) by NBF;
- failure of the government to provide funding for science education project for secondary schools;
- government's failure to provide funding for introduction of EFA in an inclusive setting in Pakistan;
- some figures which were given in the PSDP but had not been given in the Demands for Grants, and were not consistent like budget for the cadet colleges.

Mr. Shafique continued by explaining some of the above highlighted issues. Commenting on the proposed construction of nine new cadet colleges with a total budget of Rs. 2893 million, he said that was public money being used to subsidize the education for the elite. Such measures, he said, were adding fuel to the fire of inequitable distribution of educational opportunity as cadet colleges were more likely to serve the educational needs of the children of upper class. He drew attention to the allocation of Rs. 50 million each for cadet colleges to be built in Punjab and NWFP compared with only Rs. 5 million for those to be built in Balochistan. He said there was an option to upgrade about 513 schools instead of building those cadet colleges. He was surprised to see that public sector was financing private sector as LUMS had been given a total amount of 1500 million, with 50 million already allocated. He said there was no justification to use the public money to finance LUMS when the public sector universities were in dire need of resources. If the government, he said, had sound justification for funding the LUMS, it should tie the financial support with measures for equitable education. LUMS, he demanded, must be required to provide scholarships to the needy and deserving students.

Mr. Shafique then discussed the Higher Education Commission (HEC), asking that why the funds for HEC had been increased in the recent budget when the HEC project satisfaction rate was 50% for 2007-08. The non-lapsable money sitting with HEC ran into billions, but, he said, those funds were serving no purpose to the nation. He further said that instead of earmarking mammoth budget

for the Commission when the government was already suffering from huge current account deficits, HEC allocation should be substantially reduced and tied to (1) satisfactory performance of the on-going development projects, (2) optimal utilization of the non-lapsable funds. He also said that the claim made by the Finance Minister that development allocation for education was 10% of the Federal PSDP was incorrect. It was, he clarified, 6.6%.

He also drew attention towards the fact that out of the total allocated funds, 97% were spent on salaries, whereas 3% were spent for operations. He pointed out that the total budget of the Academy for Education Planning and Management which was basically mandated to do research, was Rs. 17 million out of which Rs. 16.5 million were being spent on salaries whereas research received only Rs. 0.5 million. He recommended that scholarship schemes should be introduced for deserving and poor students. Though, he noted, the government had just increased Rs 100 million in the new budget for the year 2008-09, a much larger allocation was required for education, due to rising inflation and current increase in petroleum prices.

Speaking about the current parliamentary debate regarding education and its impact, Mr. Shafique said that the debate was based on correct and sound analysis, thanks to the timely contribution by I-SAPs and CQE. He said it was due to current parliamentary debate that after 5 years Education was taken up for discussion, and the Education Minister had to admit the policy flaws highlighted and he agreed to do the needful, including increase in spending on primary education to address these issues in future. However, he lamented, due to sudden resignation of Education Minister, the in charge Minister could not pay sufficient attention to educational allocations.

In the last part of his presentation, Mr. Shafique put forward several recommendations. He said annual budgets could be best formulated by governments following broad consultations with parliamentarians and members of civil society, including representatives of interest groups, from all the regions of the country. To contribute fully to the budget process, he recommended, parliamentarians must have adequate time to debate government spending plans in the house and in committee, and must be empowered to change government spending and priorities. They, he added, must also have full access to ministers and the civil servants who were required to provide detailed explanations of past expenditure performance and future spending plans. He recommended the establishment of parliament's budget review offices staffed by trained personnel able to provide the members with independent analysis and advice about government spending plans. Such offices and their staff must be independent from the executive and be answerable only to the parliament.

He further said that the parliamentarians must ensure that national budgets treated all regions of the country equitably, avoiding the appearance and the reality of spending based principally on political patronage or favoritism. The use of constituency-based spending programmes, he added, could be a possible mechanism to ensure every corner of the country saw tangible benefits from each national budget. The programmes directed through the office of each constituency's member of the parliament would empower local communities to

work with their parliamentarian to identify and implement small-scale programmes to establish or maintain such essential local services as roads, water supplies, education and health care. He urged that the members must scrutinize Finance Bills closely to ensure they conformed to stated policies and did not contain unannounced increases or reductions in spending.

He continued by highlighting the need for an effective mechanism to invite and receive pre-budget proposals from the parliament and its committees especially on the Annual Educational Development Programme. The period between the presentation of the budget in the parliament and its passage, he suggested, should be extended by a reasonable margin and maximum discussion time should be given for the subject like education. Parliamentary Standing Committees should have a key role to play in budget review, especially Demands for Grants of each Ministry should be reviewed in detail in the respective Standing Committees and their recommendations should be discussed in the plenary session.

Mr. Shafique said the budget was in the form of a voluminous, complex and somewhat technical set of documents. As such most of the parliamentarians had difficulty in understanding the budgetary proposals and their true impact. Therefore, he suggested, an adequate arrangement should be made to present an independent analysis of the Budget to the parliamentarians. Alternatively, the parliamentary parties should be assisted to acquire expert advice for this purpose. In the end, Mr. Shafique stressed the need for sustained mechanism of budget tracking.

### **Institutional Mechanisms for Education Budget Tracking**

Mr. Mazhar Siraj, Research Fellow, CRCP

In his presentation, Mr. Siraj highlighted important perspectives on the need for tracking education budgets, identified process, output and outcome tracking levers for education budget, proposed a select set of levers for tracking education budget for 2008-09, and suggested institutional mechanisms for effective tracking of education budget.

Describing the rationale for budget tracking, Mr. Siraj said that 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 tracking and monitoring, he continued, were concerned with both current and development budget, but emphasis would rest on development budget, as that provided wider fiscal space for reprioritization. The process, he explained, 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). The process also established whether the policy commitments were being honored.

It would, he added, increase 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 would

ultimately lead to democratization of a public policy arena, which was usually the prerogative of technocratic elites in the government (Heimans, 2002). As, he said, priorities might change during the course of a financial year and funds might be re-routed, therefore, budget tracking/monitoring was a logical corollary of budget formulation to target the money at the right place.

Mr. Siraj said that the debate on budget tracking had 3 dimensions: politics of resource allocation; rights and social justice, and transparency and accountability. Budget tracking, Mr. Siraj said, had several intrinsic benefits like public learning, democratic citizenship, improved accountability, and transparency. Besides, he added, there were many material benefits accruing to low income groups due to a shift in policy and expenditure priorities, efficiency gains and reduction of leakages and wastages.

Mr. Siraj further said that budget trackers/monitors fell into three categories – executive, legislature, and civil society. The executive carried out its functions through regulations, circulars, and directives. The executive, he added, also made financial laws, undertook scrutiny and auditing of government expenditure, and monitored projects executed by government. The legislature's rule vis-à-vis the budget monitoring involved debate on and approval of budget, whereas its committees oversaw the ministries and departments against provisions of the budget. It also scrutinized the audit report from the office of Auditor General. Civil society's role in this regard, Mr. Siraj said, involved budget analysis, efforts to ensure that target beneficiaries received the services against allocations, monitoring compliance, and generating and publicizing budget information.

Mr. Siraj further said that the budget tracking took place at three levels. At process level, it was along the budget cycle which was mostly concerned with priority setting and budget-making. At outputs level, it involved demands for grants, allocations, revised estimates, and spending. And finally at the outcome level, which was concerned with short and long term impact (e.g. access and quality of education spending).

Mr. Siraj proceeded to delineate process tracking levers, which included: compliance with budget rules, regulations, circulars, timelines (fiscal transfers, delays, disbursements, etc.); adequacy of templates and guidelines (budget call circulars, demands, etc.); space available and utilized for priority setting and decision-making; procedural directives, etc; process norms – Participation, Transparency, Responsiveness; effectiveness of key stakeholders' role; and approval by the Parliament (General Discussion, cut motions).

Following this, Mr. Siraj spoke on parliament's role in budget process. Parliament, he said, had no significant role at the stage of budget formulation. In fact, he said, parliamentary debate on budget was too short to allow effective consideration of allocations (CRCP/PLSC, 2004). Similarly, standing committee had minimal role in scrutiny of proposed budget. Mr. Siraj then talked about budget debate 2006-07. He said social sector as a whole remained one of the least debated areas in the National Assembly's general discussion on budget. Moreover, there were serious issues with quality of discussion as most of the debate did not link up with education budget. He said in 2007-08 budget debate there were 99 total paragraphs in the budget speech but

education was treated in 1 paragraph only. Similarly, in 2008-09 budget speech education was treated in only 1 paragraph out of total 66 paragraphs.

Mr. Siraj moved on to discuss output tracking which he said was done at four levels - demands for Grants, budgetary allocations, revised estimates, and spending. There were, he added, output tracking sub-levels such as by classification, by function, by sub-sector, by program, by administrative tier, by geographical area, and by unit cost. He also identified output tracking levers such as link with education policy and data; demands submitted; grants proposed, and grants voted upon; areas of under spending and missing budget lines; misplaced priorities; spending rate; commitments (e.g. commitments of political parties, Millennium Development Goals, etc.); and public-private partnerships. In order to explain how political commitments could be tracked from budget lens, Mr. Siraj described various political parties' (PPP, PML (Q), PML (N), MQM, MMA, ANP) commitments on education and education budget.

Following this, Mr. Siraj discussed outcome tracking. He identified outcome tracking levers as increased access and improved quality. Increased access, he said, would be ensured through spending on construction of new schools, up-gradation of existing schools and recruitment of teaching staff, etc. The prevalent practices, however, he said, were not according to the above-mentioned ideals. For example, he said, there was no new development scheme introduced in Balochistan education budget 2008-09, whereas huge amounts had been earmarked for the establishment of new cadet colleges. Improved quality, he said, would be ensured through spending on teaching aids, teacher training, monitoring mechanisms, etc. However, there too, the prevalent practices were not according to the above-mentioned ideals. For example, he said, in federal education budget 2008-09, there had been 2.75% increase in non-salary cost for Ministry of Education, as compared to 13.16% increase in salary cost which meant too little funds had been earmarked for teaching aids.

Mr. Siraj proceeded to list tracking levers for education budget 2008-09, which were: compliance with budget rules, regulations, circulars, directives, etc; approval by the Parliament (general discussion, cut motions, etc; by Classification, function, sub-sector, and administrative tier; spending on construction of new schools, up-gradation of existing schools, recruitment of teaching staff, etc; and spending on teaching aids, teacher training, monitoring mechanisms, etc.).

In the last part of his presentation, Mr. Siraj gave suggestions as to how the education budget tracking could be institutionalized. Budget tracking initiatives, he suggested, should originate from the standing committees of the Parliament and elected bodies at the provincial and district levels. Parliamentary opposition needed to take on more proactive role in discussion on public spending on education and should present alternative budget proposals. Civil society, he added, needed to move beyond process-oriented focus to more comprehensive knowledge-building and advocacy programs for effectiveness of public spending in education sector.

### **Public Spending: Issues of Access and Quality in Education**

Mr. Abbas Rashid, CQE

Mr. Rashid started by pointing out the inadequacy of budgetary allocations for education, saying that in a situation which called for the declaration of an 'education

emergency', the federal education budget had been raised by only 1.55%. He questioned the wisdom of allocating most of the federal education budget to HEC whose performance, he said, might need evaluation, as by its own reckoning a high percentage of HEC projects were unsatisfactory. He said some of HEC decisions were difficult to comprehend. In this regard, he quoted an eminent physicist as saying that a Pelletron accelerator whose cost had been estimated at Rs. 400 million (including the setting up of the associated laboratory) had been ordered in 2005 with HEC funds without any clear idea of the purpose. Another machine, he added, was funded by HEC for Government College University (GCU), Lahore even when there were no trained people to make use of it. He was of the view that the non-lapsable funds available with HEC could have been better spent elsewhere. For the rest of the education sector, he said, very little funds had been made available. In fact, given the escalating inflation, those funds had decreased when compared to previous years. Similar situation prevailed in the provinces. All this, he lamented, was happening at a time when education sector was in the grip of a grave crisis.

Mr. Rashid then discussed National Education Assessment System (NEAS) survey conducted in 2005-07. The survey was conducted across 127 districts of Pakistan in Grade 4 (2005 and 2006) & Grade 8 (2007). The students were examined in Mathematics, Urdu, Science and Social Studies. Approximately 12,000 students in Grade 4 at 787 schools, and 14,500 students in Grade 8 at 782 schools were examined. The results of the survey showed that generally student performance in both grades was not satisfactory. In Grade 4, performance in all four subjects was well below the scaled average score of 500, with Mathematics and Language on the lower end closer to 400, whereas in Grade 8, performance was below scaled average in Mathematics and performance was only slightly above the average in Urdu. Talking about province –wise performance, he said that for Grade 8, performance at the province level, broadly speaking showed that while highest performance was in Punjab, scores in Urdu were only marginally above average and below average in the case of Mathematics.

He also spoke about the earmarking of huge financial resources for establishing cadet colleges in the provinces noting that the expenditure amounted to 15% of PSDP. He asked whether that was a case of subsidizing elite education. He asked couldn't that money had been better spent for improving some of the existing 750-plus colleges across the country?

Mr. Rashid also highlighted the link between tertiary and basic education. Improving basic education, he argued, required improvement in tertiary education as well. He said good teachers were key to raising education standards, and asked where they would come from. He said unfortunately the college level education had been ignored by policy makers in Pakistan. The colleges, he said, had not been a priority for HEC nor for the provincial or district governments. He further said that studies had shown that the quality of general education was an important predictor of student outcomes.

Mr. Rashid rejected the notion that privatization could make up the deficit, arguing that privatization could not be treated as being synonymous with quality. Admitting that the private sector, both for-profit and not-for-profit, had a role to play, he categorically said that the same could not be a substitute for public sector education and certainly not at the elementary level. He was of the view that from the standpoint

of equity, the state must provide at least the education which was the right of every citizen that is elementary education. At the end of his presentation, Mr. Rashid underlined the need for reforming public sector education. The means to achieve that goal, according to Mr. Rashid, included effective utilization of scarce resources, ensuring professional development of good teachers and offering them incentives.

## Discussant

### Reflections on Education in Federal Budget 2008-09

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

Dr. Tahir started by outlining the objectives of the budget, which he said, were to restore economic stability, protect the vulnerable groups, focus on agriculture and manufacturing, restore investors' confidence, remove key bottlenecks in infrastructure, increase social sector allocations to bring about a meaningful change in social indicators, and to make significant additions to low cost housing.

He said the recent federal budget contained only a single para on education: "In the development plan we have proposed to allocate Rs. 24.6 billion for education. It may be noted that of the total federal PSDP for ministries, the funds allocated to education sector constitute 10%, which is a very good allocation. It may also be stated that larger expenditure on education and health is done by the provincial governments and federal government basically performs a supportive role in these areas."

Dr. Tahir proceeded to discuss various aspects of education budget. He noted that the total education budget for FY 2008-09 (Rs. 49,243 million) registered an increase of merely 0.9% over the previous years' budget (Rs. 48,990 million). However, the increase was 7.4% over the revised budget for previous year. He further said that the current budget for FY 2008-09 (Rs. 24,662 million) showed an increase of 2.0% over previous years' current budget (Rs. 24,147 million), whereas the development budget for FY 2008-09 (Rs. 24,621 million) decreased by 0.9% as compared to the development budget for previous year (Rs. 24,843 million).

Dr. Tahir noted with great concern that education's share in the federal development budget had decreased in the recent budget in comparison with the previous budget. Elaborating his point he said that whereas education's share was 5.9% of total federal budget in 2007-08 (Rs. 24,843 million out of Rs. 420,567 million), in 2008-09 it dropped to 5.2% (Rs. 24,621 million out of Rs. 469,223 million). Similarly, he added, education's share in federal recurrent budget decreased from 2.2% (Rs. 24,147 million out of Rs. 1,088,466 million) in 2007-08 Budget to 1.59% (Rs. 24,622 million out of Rs. 1,549,161 million) in 2008-09 Budget. Education's share, he continued, in total federal budget for 2008-09 also decreased from 3.36% (Rs. 48,990 million out of Rs. 1,459,033 million) to 2.53% (Rs. 49,243 million out of Rs. 1,941,384 million) in 2008-09 budget.

In terms of percentage of Gross Domestic Product, he added, education's share decreased from .49% to in 2007-08 budget to .40% in 2008-09 budget. In terms of per capita spending on education, the figure decreased from 304 in 2007-08 budget to 300 in 2008-09 Budget. Dr. Tahir also compared the budgetary allocations for defence with those for education. He noted that the defence allocations were not only far



greater than those for education but the former also showed an increase in percentage vis-à-vis the latter. The defence budget in 2007-08 was 561.3% of that of the education budget for the same period, whereas in 2008-09 the defence budget had risen to 601.3% of the education budget for the same period.

Dr. Tahir proceeded to give a breakdown of the distribution of education budget under various heads. He also described spending on education at various levels of government that is federal and provincial. Dr. Tahir also gave a comprehensive account of total education spending and its percentage of budget and that of GDP from 2000-07. He noted that in 2000-01, total education budget was Rs. 56.5 billion which was 7.87% of total federal budget and 1.34% of GDP. However, he added, education budget had risen to Rs. 162.1 billion in 2006-07 which constituted 9.67% of total budget and 1.86% of GDP.

Following this, Dr. Tahir, compared Pakistan's spending on education in 2006 as percentage of budget and GDP with that of many other developing countries and showed that Pakistan ranked lower to countries like Cuba, Djibouti, Moldova, Seychelles, Iran, Egypt, Indonesia, and Mauritania. Dr. Tahir also talked about Higher Education Commission's future projections till 2007-16 and its Medium Term Budgetary Framework (MTBF). He said MTBF was a mechanism to overcome incrementalism, and involved determining output indicators, setting up activity levels for their achievement and medium term costing. He told that MTBF had covered Ministry of Education since 2006-07.

#### **Remarks by the Chair**

**Dr. Fayyaz Ahmed**, Joint Educational Advisor, Ministry of Education

Dr. Ahmad said that the budget process should be started well in time. He urged greater role for parliamentary committees in the finalization of budget process. He was of the view that such dialogues should have informed analysis and policy inputs.

#### **Vote of Thanks and Way Forward**

**Dr. Salman Humayun**, Executive Director, I-SAPS

Dr. Humayun thanked all the participants for taking time out to attend the dialogue.