

Chapter # 5

ESR & Poverty Reduction Strategy Paper (PRSP)

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The new millennium commenced with a worrying note for Pakistan's economy. The incidence of poverty had increased from 26.1 percent in 1990-91 to 32.1 percent in 2000-01 reversing the trend in the 1970's and the 1980's. The 1990's witnessed a slow down in economic growth, decline in private and public investment, increase in fiscal and current account deficits and rapid debt accumulation.

The adverse economic outcomes pointed to the urgent need for addressing the structural flaws in the economy and to arrest the deterioration in economic trends. In November 2000, government adopted a strategy to reduce poverty and restore economic stability. The strategy was articulated in the Poverty Reduction Strategy Paper (PRSP). The core elements of the IPRSP were to engender growth, improve human development and governance and reduce the vulnerability of the poor to shocks.

Noticeable progress has been achieved over the last three years in attaining macro economic stability and revival of economic growth. Political devolution has progressed rapidly, domestic and external debt has declined and progress has been made in strengthening poverty monitoring. Continued broadening and deepening of reform on several fronts will ensure that growth translates into improved poverty and human development outcomes. The PRSP is a concerted effort aimed to pooling poverty reduction efforts at the federal, provincial, and district levels, across various ministries, departments, and divisions, to ensure realization of desired outcomes by focusing on key success drivers.

The full PRSP addresses important gaps in the poverty reduction strategy identified in the IPRSP. The PRSP now articulates a more comprehensive strategy including policies for rural development, gender issues, employment and the environment. In addition, the full PRSP now includes a more focused human development strategy. The PRSP utilizes a fiscal framework which takes into account mechanisms for transfer of resources and responsibilities from the federal to the provincial and then to the district governments, as well as costing of programs to achieve targets especially in the education sector.

The full PRSP is a comprehensive policy document that translates the government's vision and strategy into concrete programs with a well-defined road map to achieve both economic growth and poverty reduction objectives. The full PRSP is a living document based on six principles with in-built mechanism for adjustment overtime. (i) It is home-grown, involving broad based participation by key stakeholders, (ii) it is result oriented, focusing on monitorable outcomes that benefit the poor, (iii) it is comprehensive, recognizing the multi-dimensional nature of poverty, (iv) it is prioritized, so implementation is feasible in both fiscal and institutional terms, (v) it is oriented to build public-private partnership, and (vi) it is aligned with the Millennium Development Goals (MDGs).

The inclusion of education in the poverty reduction strategy of Pakistan is critically linked to the economic growth lever. The PRSP reinforces the prevailing view that education is the most important factor distinguishing the poor from the non-poor. Poverty declines as the education level of the head of household increases. The Household Income and Expenditure Survey (HIES) 1998-99 shows that 42 percent of the population living in households with illiterate heads is poor compared to 21 percent of households with literate

heads. With poor and non-poor, net primary enrolment rates of 36.6 and 59.3 percent respectively illustrate the difference in income levels. Female primary school enrolment of the poor households at 30.2 percent is also lower than that of the non-poor households at 52.3 percent. The human development indicators for Pakistan are still low despite significant progress in recent years and show marked urban-rural and geographical variations that substantiate the income poverty differentials noted above.

Education is a key component of the PRSP. The main objectives set in the PRSP relate to enrolment in elementary education and the quality of teaching – learning process. Learning from SAP, the government’s strategy is incorporated in the Education Sector Reforms (ESR) Action Plan 2001-02 - 2005-06. The ESR has medium term targets and is linked closely to the PRSP and other initiatives of the government such as the devolution plan and the Education For All (EFA) National Plan of Action. The priorities under EFA include (i) universal primary education for all by the year 2015; (ii) adult literacy rate of 86% for both male and females; (iii) reducing illiteracy by 50% with focus on reducing the gender gap and (iv) quality education and skill development programs.

Education Sector Reforms (ESR) Action Plan (2001-02 - 2005-06) has been fully integrated into the PRSP and almost 80% of the ESR package covers adult literacy, Education for All (EFA) and Technical Education. EFA is critically important for poverty reduction and sustainable development. EFA goals are being pursued as part and parcel of national poverty reduction strategy. PRSP’s emphasis on both access and quality interventions are completely and consistently embedded in ESR and EFA documents.

Efforts have been made to mobilize Civil Society Organizations (CSOs), community and private sector in the implementation of educational programs under PRSP and ESR Action Plan. Education For All and Local Government Plan for Devolution have integrated CSO participation for making these national macro initiatives successful. Citizen Community Boards (CCBs), Neighborhood and Village Councils, Education Committees of Union Councils, SMCs/PTAs and NGOs are regularly consulted and taken on board as planning, implementation and facilitation partners through formal arrangements.

Project implementation mechanisms are established by District Governments for linkages with Public-Private Partnerships and local community organizations for school rehabilitation, up-gradation and quality improvement, through formal institutional arrangements. The Provincial Governments are responsible for monitoring and evaluation of schemes. Supervision is done at the District level as agreed with respective District Partners (Govt. & CSOs). The Ministry of Education is associated whenever required for joint monitoring visits to the project areas.

5.1. Monitoring Indicators in the PRSP:

The Government in collaboration with its development partners organized several workshops for reaching a consensus on intermediate and final outcome indicators in education and health. The intermediate and outcome indicators together with their respective definitions are listed below:

Intermediate and outcome indicators

EDUCATION		
	Pakistan Integrated Household Survey	Others
Gross primary enrolment rate*	The number of children attending primary level classes (1-5) divided by the number of children aged 5-9 years, multiplied by 100. However, enrolment in katchi is excluded.	The number of students enrolled in primary education, regardless of age, divided by the population of the official primary school age group (5-9 years), multiplied by 100. National Education Management Information System (NEMIS)
Gross middle enrolment rate	The number of children attending middle level classes (6-8) divided by the number of children aged 10-12 years, multiplied by 100.	The number of students admitted in grades VI-VIII, divided by the population of 10-12 years age group, multiplied by 100 Pakistan Education Policy, 1998-2010
Literacy rate	Percent of population aged 10 years and older that is literate. Literacy, in turn, is defined as the ability to read a newspaper, write a simple letter, and perform a simple sum.	Percent of population aged 10 year and older that is literate. Literacy is defined as the ability to read a newspaper, and write a simple letter. Ministry of Education (EFA)
Drop-out rate	The cohort here is that of children aged 15-19 years old that have ever attended primary school. Taking this cohort to be 100% the figure shows the % of this cohort who dropped out of school before completing Class 5. Those children in this cohort that are still attending school but have not completed primary school as yet have been excluded here.	Withdrawal of children from school at any stage before completion of primary education (grade 5) divided by the number of students enrolled in primary education level, multiplied by 100 Ministry of Education (EFA)
Number of functional public schools		A school is functional if at the minimum it has a teacher and students and learning is taking place. The number of primary plus mosque schools. National Education Management Information System (NEMIS)
Percentage of trained teachers		A teacher with a minimum qualification of a Primary Teacher Certificate or Matric for the primary level and a teacher with a minimum qualification of CT or an FA/F.Sc. for the middle level. Ministry of Education (EFA)
Teacher absenteeism		A teacher would be considered absent from school if he/she was away from the school regardless of the reason for

		absence on the day the survey on absenteeism was conducted. This definition would not only be used in the endeavour to measure the quantum and quality of learning in government schools and not for any administrative action. Ministry of Education (EFA)
Sanctioned Staff strength		The definition of sanctioned strength for the purposes of this indicator would simply be the strength of each school as indicated in the SNE and the number of teachers actually working. The information on staff should include only teaching staff and not administrative or support staff. Ministry of Education (EFA)

Note:

- i) The base line year for the indicators would be 2000-01.
- ii) Frequency: Annual
 - * A sub-committee headed by Director PIDE with representatives from Ministry of Education, Federal Bureau of Statistics and PRSP Secretariat is looking at the National Education Information Management System Data (reporting GER 89% and NER 67%) and PIHS data (reporting GER 72% and NER 42%) and reconciling the two sets of data. Its report is awaited.

5.2. Core Welfare Indicators Questionnaire (CWIQ) Survey:

With devolution effectively in place, there is a need to provide the decision-makers at that level regular feed-back on effectiveness of public spending, measure quality, and improvement in service delivery for making timely policy adjustments. There is no instrument available to capture data on intermediate indicators and to validate the findings of NEMIS and HMIS. In this context, the government has decided to launch CWIQ survey to capture facility and household based district level data relating to all intermediate indicators. It will also track some health output indicators, like satisfaction/usage of health facilities and quality indicators for the basic health facilities. The PIHS questionnaire is also being reviewed to ensure capturing all information needed in relation to the outcome of the PRSP process.

The CWIQ is an integrated system and is a fusion of ideas and practices drawn from a number of countries and survey methodologies. The emphasis is as much on high standards of enumeration and good data quality as it is on the technology and speed of data processing. The intermediate indicators will be captured through CWIQ and the final outcome indicators would be monitored through the PIHS, which will be conducted every three years. CWIQ will be conducted on an annual basis except the year in which a PIHS is undertaken. CWIQ will provide quick results as well as third party validation to the HMIS and NEMIS data relating to above intermediate indicators, a necessary basis for feedback into the planning and

budgeting of poverty / social programs. FBS has also proposed to conduct PIHS/HIES on alternate year which is under consideration of the Government.

While the monitoring framework can help identify efficiency of the policies, additional work will be needed to understand why policies could not yield the desired output. Making these judgments will typically necessitate more in-depth studies, focused on specific questions and using a different approach (such as detailed analysis at district level particularly when education up to college level has been devolved to the district governments).

A principal assumption made in the PRSP is that enhanced expenditures which are performance and outcome based are likely to lead to an increase in the number of functional schools and this is likely to increase enrolment. This assumption has been a tenable one in the past where there was an increase in the number of students as a result of an increase in the number of schools. Provincial governments are committed to reducing teacher absenteeism and have adopted various methods to curb this practice. As far as recruitment of trained teachers is concerned, the number of trained teachers in the system will increase only if the recruitment in the education sector is undertaken in a manner that gives preference to teachers with improved qualifications. However, the current policy is to hire only teachers on contract with higher qualifications. There are minor variations in the implementation of this policy at the provincial level.

Provincial governments are in the process of developing their economic reform and provincial level PRSPs that are expected to contain key initiatives for poverty alleviation. As such, each provincial government will have to identify monitoring indicators based on the focus of their policies, strategies and resources in each sector.

5.3. Expenditure Management and Monitoring of ESR:

The real test of the ESR strategy is the resource availability and effective implementation to deliver the desired results. Financing of the ESR Programs would rely on increased allocations over the medium term as more and more fiscal space becomes available to the government. It is reassuring to note that the additional resources will be oriented towards increasing PRSP expenditures.

Given the ongoing evolution of PRSP and the complexity of linking public expenditure with outcomes, it is difficult and of limited reliability to carry out detailed costing of PRSP programs. DFID assistance was requested to estimate the cost of achieving the education targets in the ESR, EFA and the PRSP. The consultants have developed an Education Simulation Model which requires follow up work to cover left out areas and various sub-sectors of education. Taking the 2000-01 expenditure on the entire education sector as the base, the model shows that a real increase of 53% in NWFP, 58% in Balochistan, 60% in Punjab and 65% in Sindh will be required by the year 2007-08 to meet the UPE targets. The public education system will require an allocation of 2.3% of the GDP against the share of 1.8% (2000-01) of the GDP. The DFID has been requested to commission a costing study based on education expenditures in the provinces.

The PRSP projections on allocation of funds for the education sector are contained in the following table.

PROJECTED PRSP BUDGETARY EXPENDITURES (2002-2008)**EDUCATION**

PRSP EXPENDITURES	BASELINE (Actual)		PROJECTIONS (Based upon FY 2001-02 actual expenditures) (Rs. in million)											
			FY 2002-03 (Actual)		FY 2003-04 (Budgetary)		FY 2004-05 (Projected)		FY 2005-06 (Projected)		FY 2006-07 (Projected)		FY 2007-08 (Projected)	
		% GDP		% GDP		% GDP		% GDP		% GDP		% GDP		% GDP
	66290	1.78	78613	1.96	88842	2.01	102375	2.10	116036	2.15	135049	2.25	156698	2.35

Source: Ministry of Finance, Government of Pakistan.

It is noted that there is usually a short fall in allocation of funds and their utilization. This is particularly pronounced in the case of utilization of PSDP funds. Decision makers and implementers have to examine the reasons that prevent full use of the scarce resources and to improve upon the absorptive capacity of the project managers.

5.4. Monitoring Mechanisms:

For the purpose of expenditure tracking a comprehensive effort is underway to devise mechanisms for regular tracking of poverty related expenditures at the federal, provincial, and district levels. Data on district level expenditures will be possible once district level accounting systems and processes are in place. The Government expects to target district level expenditure monitoring by next fiscal year. However, quarterly reporting of reconciled PRSP data on the federal and provincial levels will be possible with a time lag of three months. The Controller General of Accounts will ensure that this data is made available to Finance and other concerned Divisions for quarterly tracking. For this purpose, a list of PRSP expenditures along with functional classifications has been developed with provincial consultations. This list will be further expanded in terms of coverage.

In this regard, a PRSP monitoring matrix has been prepared. This matrix is given below.

**PRSP MONITORING MATRIX
EDUCATION SECTOR INTERMEDIATE TARGETS**

Indicators	Baseline Year	Projections for FY 2001-02 to FY 2005-06				
	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
No. of functional schools	145056	147957	150916	151584	153824	156379
Primary	132527	135178	137881	138147	139912	141856
Middle	12529	12780	13035	13437	13912	14523
% of Trained Teachers	98%	98.0%	98.1%	98.3%	98.5%	98.6%
Primary	98%	98%	98%	98.2%	98.3%	98.5%
Male	97%	97%	98.2%	98.3%	98.5%	98.7%
Female	97%	98%	97.1%	97.2%	97.4%	97.5%
Middle	98%	98%	98.6%	98.7%	98.8%	98.9%
Male	98%	98%	99.0%	99.1%	99.2%	99.2%
Female	98%	98%	98.1%	98.1%	98.1%	98.3%
Teacher Absenteeism	To be developed through Core Welfare Indicators Questionnaire (CWIQ)					
% of sanctioned staff strength filled	80%	86%	90%	92%	94%	96%
% of Schools with basic facilities						
Water	53.0%	53.0%	53.0%	54.0%	55.0%	56.0%
Primary	51.0%	51.0%	51.0%	53.0%	54.0%	55.0%
Middle	72.0%	72.0%	72.0%	63.0%	64.0%	66.0%
Electricity	22.0%	22.0%	22.0%	23.0%	23.0%	23.0%
Primary	19.0%	19.0%	19.0%	20.0%	21.0%	21.0%
Middle	53.0%	53.0%	53.0%	47.0%	47.0%	48.0%
Sanitary	37.0%	38.0%	39.0%	39.0%	40.0%	41.0%
Primary	36.0%	37.0%	38.0%	39.0%	39.0%	40.0%
Middle	46.0%	46.0%	47.0%	48.0%	49.0%	50.0%
Boundary Wall	41.0%	42.0%	43.0%	44.0%	45.0%	46.0%
Primary	41.0%	42.0%	43.0%	43.0%	44.0%	45.0%
Middle	47.0%	48.0%	49.0%	50.0%	51.0%	52.0%

Source: Ministry of Education. Frequency: Annual, except Teacher Absenteeism which is periodic

EDUCATION SECTOR FINAL OUTCOME TARGETS

Indicators	Baseline Year	Projections for FY 2001-02 to FY 2005-06				
	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Gross Primary Enrolment Rate	83	87**	92	96	100	104
Male	94	99	103	108	111	114
Female	68	75	81	84	89	94
Gross Middle Enrolment Rate	40	41	43	46	49.5	53
Male	48	45	47	50	53	56
Female	32	35	39	42	46	50
Net Primary Enrolment Rate	---	42	---	---	---	58
Literacy Rate#	49	50.5	51.6	53.5	56	59.5
Male	61.3	63	64	65	67	70
Female	36.8	38	39.2	42	45	49
Student dropout rates (Primary)+	34	31.38	29	27	24	21
Male	30	28	25.5	23	20.5	18
Female	38	35	32.5	30	27.5	24

Source: Ministry of Education. Frequency: Annual

- > Gross Middle Enrolment Projections made on the basis of PIHS data Round 3 & 4.
- # Literacy Rates based on Population Census 1998.
- + Dropout rate for the year 2001-02 has been arrived at by taking average of 2001-02 PIHS Dropout Rates of all the five quintiles/income groups, for the Cohort Aged 15-19 years (which reflects over-all picture of both public and private sectors)
- ** A Sub-Committee headed by Director PIDE with representatives from Ministry of Education, Federal Bureau of Statistics, and PRSP Secretariat is looking at the National Education Information Management System data (reporting GER 89% and NER 67%) and PIHS data (reporting GER 72% and NER 42%) and reconciling the two sets of data and will finalize its report soon.

Regular information on intermediate indicators is a valuable guide for evaluating the efficiency of public policies and use of public funds. It is admitted that data sources for various indicators are not readily available and reporting systems are not tuned for quick reporting in many cases. This calls for strengthening of information systems and capacity building of staff specially at the district governments level. The Ministry of Education will continue to dedicate resources to achieve the desire progress in this area. Assistance is being sought from the UNESCO Institute of Statistics to help Pakistan in improving collection of educational statistics required for various purposes including the PRSP.

On the basis of the following tracking matrix, the P & D Wing of the Ministry is tracking the expenditure on education.

Education expenditure tracking matrix

Input indicators	Output indicators	Outcome indicators
<ul style="list-style-type: none"> • Education exp. (as a % of total exp. and GDP) • Primary education exp. (as a % of total edu. exp.) • Secondary education exp. (as a % of total edu. exp.) • Exp. on general universities/ colleges/institutes education (as a % of total edu. exp.) • Exp. on professional/ technical universities/ colleges/institutes (as a % of total edu. exp.) • Exp. on teacher & vocational training 	<ul style="list-style-type: none"> • Number of functional schools • % of trained teachers (primary level) • Percentage of trained teachers • Absenteeism of teachers • Percentage of sanctioned staff strength filled • Percentage of schools with four basic facilities (water, electricity, sanitary, boundary wall) 	<ul style="list-style-type: none"> • Gross enrolment rates (primary and middle schools) with gender break-up) • Student dropout rates (primary level) with gender break-up. • Literacy rate with gender break-up.

The above table has three components ranging from expenditure tracking, output mapping, and outcome monitoring. For instance the effect of expenditures incurred on teacher training will immediately be seen in terms of intermediate output indicator, proportion of trained teachers; while its relatively long term impact would be visible in terms of better enrolment and lower repetition rates. However, it must be pointed out that at this stage all input indicators need a conclusive and fully agreed output / intermediate and outcome indicators. Similarly baseline indicators have to be harmonized across various data gathering agencies. The Ministry of Education is actively pursuing reconciliation of statistics in collaboration with all concerned agencies.