



FINANCING OF EDUCATION IN PAKISTAN

An Estimation of Required and Available Resources to Achieve EFA Goals

**Preparatory Document for the
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*Ministry of Education, Government of Pakistan
in collaboration with*



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ACRONYMS AND ABBREVIATIONS

ADB:	<i>Asian Development Bank</i>
AGPR:	<i>Accountant General of Pakistan Revenues</i>
APCC:	<i>Annual Plan Coordination Committee</i>
CDA:	<i>Capital Development Authority</i>
CDWP:	<i>Central Development Working Party</i>
CEC:	<i>Community Education Committee</i>
CMS:	<i>Community Model School</i>
DCO:	<i>District Coordinating Officer</i>
ECE:	<i>Early Childhood Education</i>
ECNEC:	<i>Executive Committee of the National Economic Council</i>
EFA:	<i>Education For All</i>
EMIS:	<i>Educational Management Information System</i>
ESR:	<i>Education Sector Reforms</i>
FATA:	<i>Federally Administered Tribal Areas</i>
FDE:	<i>Federal Directorate of Education</i>
FTI:	<i>Fast Tracking Initiative</i>
GST:	<i>General Sales Tax</i>
ICT:	<i>Islamabad Capital Territory</i>
IDA:	<i>International Development Agency</i>
ITA:	<i>Idara-e-Taleem-o-Agahi</i>
MoU:	<i>Memorandum of Understanding</i>
NEC:	<i>National Economic Council</i>
NEF:	<i>National Education Foundation</i>
NFC:	<i>National Finance Commission</i>
NGO:	<i>Non Government Organization</i>
NIPS:	<i>National Institute of Population Studies</i>
NPA:	<i>National Plan of Action (on Education for All)</i>
NWFP:	<i>North West Frontier Province</i>
P&D:	<i>Planning and Development</i>
PDP:	<i>Perspective Development Plan</i>
PDWP:	<i>Provincial Development Working Party</i>
PPP:	<i>Public Private Partnership</i>
PRSP:	<i>Poverty Reduction Strategy Paper</i>
SAF:	<i>South Asia Forum</i>
SAP:	<i>Social Action Programme</i>
UNESCO:	<i>United Nations Educational, Scientific and Cultural Organization</i>
UNICEF:	<i>United Nations Children's Fund</i>
UPE:	<i>Universal Primary Education</i>

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CONTENTS

EXECUTIVE SUMMARY

Section I: Background and Rationale

Section II: Objectives of the Study

Section III: Methodology of the Study

Section IV: EFA Goals/Targets and Financial Requirement

Section V: Budgetary Process and Financial Management

Section VI: Total Domestic Resources and Financial Gap

Section VII: Public-Private Partnership

Section VIII: Recommendations

Annexes

- A. Detailed Cost Estimates of Quantitative and Qualitative Expansion of Educational Services to meet EFA Goals by 2015.***
- B. Foreign Economic Assistance to Education***
- C. Fast Track Initiative (FTI)***
- D. Memorandum of Understanding (MoU) under Public-Private Partnership (A Specimen)***
- E. Agreement under Public-Private Partnership for establishment of Community School (Specimen).***
- F. Questionnaire sent to provincial governments and federal organizations.***
- G. Questionnaire sent to international donors.***

EXECUTIVE SUMMARY

Financing education, in general, and especially in the context of the six goals of EFA has emerged as a key area, which needs urgent attention. At the sub-regional meeting in Kathmandu in April 2001, the South Asia Forum, all Ministers/Secretaries expressed an urgent need to have a comprehensive grasp of “financing”, ensuring that it reflects strategic policy shifts vis-à-vis education, both for advocacy within countries and better use of resources for EFA. It was envisaged that this area as a key theme is a priority for South Asia and most appropriate for the sub-regional forum’s second Ministerial meeting scheduled to be held in May 2003.

According to the constitution of the Islamic Republic of Pakistan, the state is responsible “...to provide basic necessities of life, such as food, clothing, housing, education and medical relief for all citizens, irrespective of sex, cast, creed or race” [Article: 38(d)]; “...to remove illiteracy and provide free and compulsory secondary education within a minimum possible period” [Article : 37(b)]. This places a heavy responsibility on the public sector – to provide free and compulsory education to all citizens. In this context, Pakistan conducted this study, primarily focused on estimating the financial resources required to meet the educational needs to meet EFA targets/goals in three areas i.e., primary education, adult literacy and early childhood education, assessing the resources which would be available to meet these needs and highlighting the corresponding financial “gap” which would have to be filled with increased domestic effort and external assistance.

More specifically, the study attempts to: (i) develop a sound financing plan, based on the financial requirements and available resources to meet EFA targets in the country; (ii) accurately estimate the financial resources gap, and serve as a credible instrument to indicate the magnitude of assistance required from external development partners’ (iii) understand the financial management procedure prevalent in the country (under a devolved set up, if any); (iv) capture the essence of public private partnerships in vogue and its financial implications /benefits through case studies; and (v) recommend a set of suggestions to improve education finance – related to financial management procedures, collaboration between various government departments, coordination with private sector / NGOs and civil society and effectiveness of donor assistance.

The study relies on both published and primary information. A review of existing literature was undertaken to estimate the present and future total population of school-age children by gender and location (urban and rural); their educational needs in terms of physical infrastructure and technical inputs; and the past and present financing patterns of domestic and foreign assistance to education. Adopting a modular approach i.e., based on the present cost estimates of each input (such as classrooms, teachers’ salaries, teaching materials, etc.), the study yields reliable estimates of total expected cost of providing the physical infrastructure and technical inputs to the additional children and adults requiring education. Besides the provision of physical inputs, the study also estimates the costs of improvements in quality of education, incorporating

components such as teachers' training, curriculum development and improvements in examination system and supervision. The key strength of the study lies in its ability to estimate the expected costs of meeting the EFA targets for quality primary education, adult literacy and early childhood education not only by each province, but also by gender and location (urban and rural).

Based on information obtained from provincial population census reports and population projections by NIPS, the net enrolment in primary education is expected to reach 17.536 million students in 2015/16. Of these, 9.041 million will be boys and 8.495 million will be girls. The total cost of primary education to be incurred by the public sector is estimated to be around Rs. 955,571 million, with Rs. 582,300 million projected to maintain the present participation rate and Rs. 373,271 million to finance the additional students for the achievement of the EFA goal related to universal primary education. The total cost of achieving 86% adult literacy rates for all Pakistani males and females is Rs. 208,197 million while the total cost of achieving a participation rate of 50% in early childhood education for both boys and girls in both urban and rural areas is Rs. 48,329 million. The total bill for achieving EFA goals and targets by 2015/16 is, therefore, about Rs. 1,212,097 million.

The main question arising is whether this bill can be met from domestic resources? In Pakistan the absolute amount of budget allocated to education is low. Although education enjoys the highest priority on the social sector agenda, yet allocations are relatively modest due to the intrinsic rigidities in the financial system of Pakistan, arising from more pressing commitments of the country. As national expenditures have always far exceeded revenue collections, fiscal deficits have remained high. To close the resource gap, there has been a historical heavy reliance on external borrowing. In addition, the present geo-political situation of the country is such that high defense allocations are required for maintaining security and national sovereignty. As such, interest payments and defense expenditures make up bulk of expenditures. During the past four years, defense expenditures and interest payments consumed about one-fifth and one-third of total expenditures. The amount spent on social, economic and community services is approximately 15 % of total expenditure. Estimates suggest that of this, almost one-half i.e. about 7%-8% is spent on education.

According to the National Finance Commission Award, provinces receive funds from the federal divisible pool in accordance with a formula, largely based on the provincial shares of population. The provinces then, along with their own resources, allocate funds across various sectors depending on their respective priorities, and information indicates that the provincial allocations to education range between 20%-30 % of total budgets. Another major concern is that utilization rates in education are low, especially under development heads.

Projections of the financial resources available to meet EFA targets in the three themes, i.e., primary education, adult literacy, and early childhood education for the thirteen years show that the total budgetary resources available by 2015/16 would be Rs. 786,005 million. Given the financial requirements of Rs. 1,212,097 million, the resulting "financing gap" is to the tune of Rs. 426,092 million. It may be highlighted that these estimates include an annual average additional cost of achieving UPE by 2015/16 of US \$495 million, which compares well with the average annual additional cost of achieving UPE by 2015 for Pakistan estimated by international

agencies such as UNICEF (US \$790.38m); UNESCO (US \$394.91 m); and the World Bank (US \$660.69 m.). However, if a more idealistic approach based on good quality i.e., five-classroom in urban and two-classroom in rural model schools, is considered, the financing gap is considerably higher and expected to exceed Rs. 2,031,292 million.

To explore the potential for supplementing public sector efforts in education with participation from the NGO/private sectors, field visits were made to some educational institutions based on public-private partnership. The schools visited display positive benefits to the community. While the school being run under an adopt-a-school programme arrangement seemed better organized with introduction of information technology in the school at all levels as well as high “spillover benefits” such as teachers’ training, adult literacy and computer training for the community in general, the rural community model school, however, seemed to be somewhat restricted due to lack of cooperation from the villagers and parents as well as its financial sustainability stood in doubt.

Based on some major issues which have emerged, the Study recommends that a **financing strategy** based on a strong funding partnership between *government, NGOs/private sector and international donors* may be formulated to achieve EFA goals and targets by 2015/16.

More specifically, the study recommends the following:

Public Sector:

1. **More resource generation and higher budgetary allocation to education:** The major issue in education finance in Pakistan is the low public sector investment. Although education enjoys the highest priority on the social sector agenda, yet allocations are relatively modest due to the intrinsic rigidities (such as resource constraints, large establishment bills due to a large salaried workforce and heavy debt interest repayments) in the financial system of Pakistan, arising from more pressing commitments of the country. Public sector allocations to education have steadily declined over the past five years from 2.7% of GDP in 1995-97 to 1.8% of GDP in 2001/02. *It is, therefore, recommended that all efforts should be made to enhance the budgetary allocation to education to 4% of GDP, as suggested in the National Education Policy (1998). In addition, innovative approaches should be designed to generate additional resources for increased funds for the education sector, especially to primary education, adult literacy and early childhood education if Dakar targets have to be met by 2015.*
2. **Higher proportion of development spending in education:** At present, an extremely high proportion (over 95%) of education budgets at the provincial levels are spent on recurrent heads, particularly on salaries of teaching staff, with negligible proportions i.e., below 5%, remaining for development expenditures due to avoidable delays and budgetary cuts in view of shortfall in resources. *It is recommended that besides improving these procedures, more emphasis should be placed on quality improvements such as teachers’ training, curriculum development, assessment systems and overall supervision of delivery of education.*

3. ***Efficiency in financial management and revision of outdated procedures:*** Similar to other social services in the public sector, education, too, suffers from inefficient financial management and outdated procedures which have adversely affected the implementation of education programmes and projects. The development projects are prepared by the Ministry/Departments of Education which are approved by the Planning and Development Division / Department (through PDWP, CDWP and ECNEC) but the funds are allocated by the Finance Division (through Priorities Committee, APCC, and NEC). It is not unusual to observe that funds particularly for higher-cost projects are seldom allocated according to the approved phasing due to thin funding. This is mainly due to low budgetary allocation to education, which entails repeated revision of projects based on escalated costs, hampering their implementation. In 2001/02, the utilization rate in the education sector was low (about 75%) mainly due to delays in release of funds, besides capacity constraints in the sector. *It is strongly recommended that obstacles in management and procedural systems hindering the efficient utilization of allocated resources should be removed through an overhaul of the financial procedures governing release of funds.*

4. ***Compilation of Educational Financial Data by Management Information Systems:*** During the course of the preparation of the Finance Study, one major constraint felt was the lack of reliable educational, physical and financial data/information on various educational variables. *It is, therefore, recommended that the scope of provincial and national Educational Management Information Systems (EMISs) should be expanded to collect and compile, besides physical and enrolment data, financial information pertaining to school expenditures.*

NGOs/Private Sector:

5. ***Higher participation of the NGO and private sectors:*** Though considerable progress has been observed during the past decade in the participation of NGO and private sectors in the field of education, especially primary and university education, but more involvement of NGOs and private organizations would benefit the delivery of educational services. *To facilitate this, the national and provincial education foundations also need to play a more active role in guiding and coordinating NGOs and private organizations in “adopting” public schools and supporting rural community schools to achieve rapid progress in achieving the Dakar goals. Costing of such arrangements needs to be worked out in greater detail and its implications for the financing gap of meeting EFA goals up to 2015. Also, it is essential for the government to provide a legal and policy framework as well as a regulatory mechanism for a realistic and sustainable public-private partnership.*

International Development Partners

6. ***Better efforts to seek required foreign assistance:*** In view of its commitments to the achievement of EFA goals, the Government of Pakistan has developed a National Plan of Action (NPA) on Education for All for the period 2001-2015, supported by the study based on estimates of financial need and availability of resources, incorporating targets,

strategies and investment requirements of primary education, adult literacy and early childhood education. The gap in financial resources required to implement this plan is enormous and will, most certainly, have to be met from external assistance. *It is, therefore, recommended that efforts should be made to obtain the required assistance through grants, loans, debt SWAP and/or Fast Tracking Initiative (FTI).*

SECTION I.

BACKGROUND AND RATIONALE

Financing education, in general, and especially in the context of the six goals of EFA has emerged as a key area, which needs urgent attention. Some recent developments have led to the need for undertaking a review of the financial framework within which EFA activities will be implemented:

- a. The EFA National Plan of Action, being prepared by each member country, will contain time-bound targets for all six (or selected) goals to be achieved by a set of strategies, inter-linked with a concurrent set of other macro-level national initiatives, implying certain costs. Some of the costs will be borne by available national resources while others will have to be arranged through various development partners and donors. The Dakar Framework of Action clearly stipulates that countries demonstrating commitment to the EFA goals will be supported in resource mobilization from all partners: “No country seriously committed to basic education will be thwarted in the achievement of this goal by lack of resources” – (Article 10 of Dakar Framework for Action).
- b. At the sub-regional meeting in Kathmandu in April 2001, the South Asia Forum, all Ministers/Secretaries expressed an urgent need to have a comprehensive grasp of “financing”, ensuring that it reflects strategic policy shifts vis-à-vis education, both for advocacy within countries and better use of resources for EFA. It was envisaged that this area as a key theme is a priority for South Asia and most appropriate for the sub-regional forum’s second Ministerial meeting in 2003, preceded by the technical group meeting in 2002.
- c. As a follow-up to the sub-regional meeting in Kathmandu in April 2001, the Technical Group Meeting of the South Asia Forum, in March 2002, expressed an urgent need to have a comprehensive grasp of “financing”, both for advocacy within countries and better use of resources for EFA. In this context, each member country of the South Asia EFA Forum will commission its own study, within its own national framework, to reflect the Financing Plan underlying its National Plan of Action.

In this context, Pakistan has developed a study, primarily focused on estimating the financial resources required to meet the educational needs to meet EFA targets/goals, assessing the resources which would be available to meet these needs and highlighting the corresponding financial “gap” which would have to be filled with increased domestic effort and external assistance.

The Study is divided into eight sections: Section II outlines the objectives of the study; Section III explains the methodology of the study; Section IV presents the EFA goals/targets to be met by 2015 and the estimation of the *required resources* for each province to meet these targets/goals in each of the three thematic areas i.e., primary education, adult literacy and early childhood education; Section V discusses the budgetary process and financial management in the country; Section VI, based on the estimates of the total domestic resources which will be

available to meet EFA targets, calculates the “financing gap” to be filled with increased domestic support and external assistance; Section VI reviews two cases of public-private partnership in education and its impact on the students and community; and Section VIII concludes the study with a set of recommendations.

SECTION II. OBJECTIVES OF THE STUDY

The study on finance attempts to:

- i) develop a sound financing plan, based on the financial requirements and available resources to meet EFA targets in the country;
- ii) accurately estimate the financial resources gap, and serve as a credible instrument to indicate the magnitude of assistance required from external development partners’
- iii) understand the financial management procedure prevalent in the country (under a devolved set up, if any);
- iv) capture the essence of public private partnerships in vogue and its financial implications /benefits through case studies; and
- v) recommend a set of suggestions to improve education finance – related to financial management procedures,. collaboration between various government departments, coordination with private sector / NGOs and civil society and effectiveness of donor assistance.

SECTION III. METHODOLOGY OF THE STUDY

The Study focuses on the development of financial plans, estimating the resources required to meet the key EFA targets/goals as outlined in the Dakar Framework for Action (2000) for each of the four provinces i.e., Punjab, Sindh, NWFP, Balochistan and Federal Areas for the period 2003/04-2015/16. Using information on available (both domestic and foreign funds) and required resources, the study also estimates the financial gap which needs to be filled to ensure the achievement of EFA targets. Similar to the approach adopted in formulating the National Plan of Action (NPA) for EFA 2001-2015, this study also addresses the three thematic areas in education: (i) primary education; (ii) adult literacy; and (iii) early childhood education.

The methodology of this study is based on the following:

- a. Review of Literature: A review of existing literature was undertaken to estimate the present and future total population of school-age children by gender and location (urban and rural); their educational needs in terms of physical infrastructure and technical inputs; and the past and present financing patterns of domestic and foreign assistance to education.

In this context, an in-depth review of several official government sources was undertaken, including the following:

- Population Censuses Reports (1998) of the four provinces and federal areas i.e., Punjab, Sindh, NWFP, Balochistan, FATA and ICT;
 - Population projections by National Institute of Population Studies (NIPS);
 - Perspective Development Plan (2001-2011);
 - Education Sector Reforms: Action Plan (2001-2005);
 - Annual provincial and federal budget documents (various years);
 - Foreign Economic Assistance (various issues);
 - National and Provincial Educational Management Information Systems (EMIS);
 - Pakistan Integrated Household Survey (1998/99 and 2001/02);
 - District Education for All Plans for district Chakwal & FANA ; and
 - The National Plan of Action for Education for All (2001-2015).
 - Documents related to Poverty Reduction Strategy Paper.
- b. Interviews / Surveys: Information related to the provincial budgetary allocations and expenditures as well as data needed to estimate the total costs (both development and recurring) of various types of educational institutions such as formal and non-formal primary schools; NGO schools; community schools; early childhood centers; and adult literacy centers was obtained through interviews with various federal and provincial officials and survey questionnaires. These questionnaires were especially designed for, and administered to, the staff of the education and finance departments in each of the four provinces and federal areas.

Data on past, present and future [plans] of foreign assistance programmes was sought through a questionnaire administered to the concerned departments of major donor agencies.

Two schools, functioning in rural areas under a public-private partnership arrangement were also visited to capture the essence and assess the financial implications/benefits of this arrangement. The head teachers of these schools (one operating under the adopt-a-school programme and the other as a community support rural model school) were interviewed with reference to various aspects of the public-private partnership. Besides the review of the Memorandums of Understanding of the partnership, the needs assessment forms and the monitoring sheets of these schools were also reviewed.

Interviews were also conducted with federal, provincial and district government officials to understand the financial management procedures practiced in the education sector.

c. Estimation of Required and Available Resources: This major exercise, estimating the required and available financial resources for each of the next 13 years, was undertaken for each province, FATA and ICT with the information obtained from official government sources, interviews, and survey responses and involved the following steps:

- Estimation, based on data provided by NIPS, by gender and location (rural and urban) of the number of ECE and primary school-age children and adult population;
- Based on net enrolment and literacy rates, estimation of the additional children and adults requiring education;
- Based on the modular approach i.e., based on the cost estimates of each input (such as classrooms, teachers' salaries, teaching materials, etc.), the total expected cost of providing the physical infrastructure and technical inputs to the additional children and adults requiring education and training was estimated.
- Compilation of educational allocations and actual expenses made by provincial governments and donor agencies.
- Using estimates for required and available resources, estimation of the financing "gap" – which needs to be filled through increased domestic effort or foreign assistance to achieve EFA targets/goals by 2015.

The key strength of the study lies in its ability to project the expected costs of meeting the EFA targets for quality primary education, adult literacy and early childhood education not only by province but also by gender and location (urban and rural).

During its preparation, the Study faced a few minor constraints mostly relating to data collection and shortage of time for the completion of work.

SECTION IV

EFA GOALS / TARGETS & FINANCIAL REQUIREMENTS

At the World Education Forum in Dakar (2000), over 1,500 participants from 182 countries and major development agencies adopted the Dakar Framework for Action to achieve a set of educational goals/targets by the year 2015.

In Pakistan, the response to the Dakar Framework for Action has been very positive. A comprehensive package of educational reforms with medium term targets, the Education Sector Reforms (ESR) Action Plan for 2001-2005 was finalized through a consultative process involving over 600 partners. ESR is linked to four concurrent macro level initiatives i.e., the Devolution and Local Government Plan 2000; the Interim Poverty Reduction Strategy Paper 2001-2004; SAP II restructuring; and the Task Force on Human Development. ESR also serves as a foundation of the National Plan of Action (NPA) for Education for All, developed as a long-term framework (2001-15) to achieve three EFA goals of universal primary education; adult literacy; and early childhood education.

Similar to the NPA, this Study also focuses on the above three key themes, with a set of goals to be met under each theme in each of the four provinces and federal areas over a period of 13 years, divided into three distinct phases of implementation i.e., 2003/04-2005/06; 2006/07-2010/11; and 2011/12-2015/16.

Primary Education: *Goals and Resources Required*

GOALS

1. Ensuring that by 2015 all children with special emphasis on girls and children in difficult circumstances have access to and complete **free and compulsory** primary education of **good quality**;
2. Eliminating gender disparities in primary and secondary education by 2015 and achieving gender equal access to and achievement in basic education of good quality; and
3. Improving all aspects of the quality of education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills.

Situation Analysis

The Government of Pakistan recognizes education as one of the fundamental rights of a citizen as well as extends its commitment to provide access to education to every citizen. According to the Constitution of the Islamic Republic of Pakistan, the State is responsible, “to provide basic necessities of life, such as, food, clothing, housing, education and medical relief, for all citizens, irrespective of sex, caste, creed or race, [38 (d)] ... to remove illiteracy and provide free and compulsory secondary education within minimum possible period.” [37 (b)].

In this context, the public sector has invested widely in education in both urban as well as in rural areas, and in formal as well as non-formal institutions. The private sector also participates, though on a limited scale, in extending education and has established formal schools, mostly located in urban localities. Besides, some NGOs and non-profit organizations also offer primary schooling, both under the formal as well as non-formal systems.

Recent estimates indicate that the public sector had a total of 165,700 primary schools in 2000/01, with an enrolment of 19.531 million students and 373,700 teachers (Table 1). The student-teacher ratio was estimated at 52:1. Almost 35%-37% of all schools, enrolment and teachers were female. There were a total of 18,800 middle schools, with an enrolment of 4.2 million students and 93,300 teachers. The estimated student-teacher ratio of 45:1, as well as the share (39%-48%) of female schools, enrolment and teachers, too, are slightly better than for primary schools.

Table 1: Public Sector Primary and Middle School Profiles (2000/01)

	PRIMARY		MIDDLE	
	<i>Total</i>	<i>%female</i>	<i>Total</i>	<i>%female</i>
<i>Number of Schools (000)</i>	165.7	36.2	18.8	44.1
<i>Total Enrolment (m)</i>	19.531	36.7	4.194	39.3
<i>Number of Teachers (000)</i>	373.7	34.7	93.3	48.3

Source: Economic Survey of Pakistan 2001/02; Finance division; Govt. of Pakistan; Islamabad.

Although the overall net primary enrolment is about 67% but there are gender and location (urban vs. rural) discrepancies in the net primary enrolment rate (Table 2).

Table 2: Net Primary Enrolment Rates (%) by Gender and Location in 2002

	Urban	Rural
Boys	87	66
Girls	81	53

Source: EFA Wing; Ministry of Education, Govt. of Pakistan; Islamabad

At present, the elementary education sub-sector in Pakistan faces a series of problems resulting in low access and poor quality of education. Some key issues include: (i) low levels of participation at the primary and middle levels, especially of girls; (ii) lack of physical facilities such as buildings, furniture, mats/mats and even very basic necessities like black-board, chalk, and charts in primary schools; (iii) shortage of teachers, especially local female teachers in certain rural areas; (iv) factors such as low salaries, low status of teachers and weak supervision have contributed towards absenteeism of teachers, particularly in rural areas; (v) inadequate pre-service and in-service training and lack of dedication and motivation in most of the teachers, especially when they are appointed on political basis; and (vi) outdated and irrelevant curriculum.

Based on information obtained from provincial population census reports, population projections by NIPS, the net enrolment in primary education will reach 17.536 million students in 2015/16. Of these, 9.041 million will be boys and 8.495 million will be girls (Table-3).

Table 3: Primary Net Enrolments (by Gender and Location) to be achieved by 2015/16

	<i>Benchmark (2002)</i>	<i>Target (2015/16)</i>
<i>Enrolments (million)</i>		
Urban	5.101	6.735
- Male	2.713	3.441
- Female	2.388	3.294
Rural	7.400	10.801
- Male	4.243	5.600
- Female	3.157	5.201

Note: The population projections were obtained from NIPS.

Based on the EFA goals of universal *free and compulsory* primary education of *good quality*, the study estimates the total cost requirement of the achieving these goals by 2015/16. The total cost on primary education to be incurred by the public sector is estimated to be around Rs. 955,571 million, with Rs. 582,300 million projected to maintain the present participation rate and Rs. 373,271 million to finance the additional students for the achievement of the EFA goal related to universal primary education.

Following are the cost estimates of providing universal primary education by 2015/16 to all girls and boys in Pakistan:

For urban areas, the total cost of achieving universal primary education is Rs. 48,579 million for boys (with almost 40% on development heads) and Rs. 51,923 million (with 44% on development heads) for girls (Table 4).

Table 4: Total Cost (in Rs. m) of achieving Universal Primary Education in Urban Areas in Pakistan

	BOYS			GIRLS		
	2003-06	2006-11	2011-16	2003-06	2006-11	2011-16
Punjab						
Development	3702	1297	2590	3136	1058	4537
Recurrent	1337	4163	5905	1,126	3,444	5,679
Total	5039	5460	8495	4262	4502	10216
Sindh						
Development	3644	2012	465	3607	1929	3002
Recurrent	1,327	4,699	6,352	1,332	4,702	7,219
Total	4971	6711	6817	4939	6631	10221
NWFP						
Development	513	940	1237	394	794	1558
Recurrent	173	905	1,878	128	717	1,708
Total	686	1845	3115	522	1511	3266
Balochistan						
Development	253	829	902	258	714	1328
Recurrent	81	587	1,346	85	556	1,413
Total	334	1416	2248	343	1270	2741
Pakistan*						
Development	8265	5330	5408	7580	4694	10686
Recurrent	2,974	10,631	15,971	2738	9694	16531
Total	11239	15961	21379	10318	14388	27217

*Estimates for Pakistan include estimates for FATA and ICT

For rural areas, the cost of achieving primary education for boys is Rs. 139,881 million for boys (with Rs. 43,690 million i.e., almost 30% as development costs) and Rs. 132,887 million (with Rs. 52,153 million i.e., 40% in development costs) for girls (Table 5).

Table 5: Total Cost (in Rs. m) of achieving Universal Primary Education in Rural Areas in Pakistan

	BOYS			GIRLS		
	2003-06	2006-11	2011-16	2003-06	2006-11	2011-16
Punjab						
Development	11750	6488	1197	7995	3803	6281
Recurrent	4944	17846	24050	3349	11490	17180
Total	16694	24334	25247	11344	15294	23461
Sindh						
Development	3856	3077	284	3165	2266	2267
Recurrent	1633	6557	9164	1339	5343	8247
Total	5489	9634	9448	4504	7609	10514
NWFP						
Development	3275	5235	833	2996	4319	7420
Recurrent	1325	6528	10372	1222	6002	12058
Total	4600	11763	11205	4218	10321	19478
Balochistan						
Development	1255	2961	636	1088	1839	3411
Recurrent	507	3008	5188	448	2354	4958
Total	1762	5969	5824	1536	4193	8369
Pakistan*						
Development	21002	19181	3507	16206	13726	22221
Recurrent	8767	35693	51731	6760	27244	46730
Total	29769	54874	55238	22966	40970	68951

**Estimates for Pakistan include estimates for FATA and ICT*

For Pakistan, the total resource requirement for achieving universal primary education for both boys and girls in both urban and rural areas is Rs. 955,571 (Table 6).

Table 6: Total Cost (in Rs. m) of achieving Universal Primary Education in Pakistan

	2003-06	2006-11	2011-16	TOTAL
Punjab				
Development	26582	12646	14604	53,832
Recurrent	10756	36942	52814	100,512
Total	37338	49588	67417	152,344
Sindh				
Development	14271	9284	6017	29,572
Recurrent	5630	21301	30982	57,912
Total	19901	30584	36999	87,484
NWFP				
Development	7178	11287	11048	29,514
Recurrent	2849	14152	26016	43,017
Total	10027	25439	37064	72,531
Balochistan				
Development	2854	6342	6276	15,472
Recurrent	1121	6505	12905	20,530
Total	3974	12846	19181	36,002
Pakistan*				
Development	53054	42931	41823	137,807
Recurrent	21239	83262	130963	235,464
Total (Additional)	74293	126192	172786	373,271
Existing Schools' Cost	103636	210283	268381	582,300
TOTAL REQUIREMENT	177929	336475	441167	955,571

**Estimates for Pakistan include estimates for FATA and ICT*

Adult Literacy: *Goals and Resources Required*

GOALS

1. Ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning, life skills and citizenship programmes;
2. Achieving 50% improvement in levels of adult literacy by 2015, especially for women, and equitable access to basic and continuing education for adults;
3. Improving all aspects of the quality of education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills.

Situation Analysis

According to the 1981 census the overall literacy rate of 10+ age group was 26.2 percent, which increased to 34.8 percent in 1990-91 and to 36.8 percent in 1993-94. According to the Population Census (1998), the average adult literacy rate rose to almost 44 percent.

Literacy statistics show wide discrepancies across gender, provinces and location (Table 7). While the overall literacy rate of Pakistan in 1998 was 43.9%, with 54.8% for males and 32% for females, it ranged between 24.8% in the province of Balochistan to 72.4% in the Islamabad Capital Territory. NWFP, with a literacy rate of 35.4%, is the second lowest in literacy ranking. The provinces of Punjab and Sindh have slightly higher literacy rates than the national average.

Table 7: Literacy Rates (10+ years) in Pakistan: 1998

	URBAN		RURAL		TOTAL		
	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Both</i>
PAKISTAN	70.0	55.2	46.4	20.1	54.8	32.0	43.9
Islamabad	83.2	69.7	75.1	48.8	80.6	62.4	72.4
Punjab	70.9	57.2	50.4	24.8	57.2	35.1	46.6
Sindh	69.8	56.7	37.9	12.2	54.5	34.8	45.3
NWFP	67.5	39.1	47.7	14.7	51.4	18.8	35.4
Balochistan	58.1	33.1	25.8	7.9	34.0	14.1	24.8

Source: Population Census Report, 1998

Adult literacy in Pakistan has suffered primarily due to low rates of participation at the primary level, which in turn relate to poverty and conservatism. However, other causes of low literacy rates include financial constraints and ineffective/failed strategies. These include: (i) due to lack of political will and absence of consistency in policy, adult literacy programmes were not given the needed/desired priority in EFA programmes; (ii) resources/funds earmarked for adult literacy programmes were hardly 1% of the education budget; further, allocated funds could never be provided on time; (iii) absence of a strong coordination and organizational structure with the result that interaction among the principal actors in the field of adult literacy remained weak; (iv) professional base of adult literacy initiatives remained under-developed due to lack of training of instructors; no formalized curriculum; and a virtual non-existence of effective research; and (v) monitoring and evaluation mechanism at the grassroots level could not be strengthened, which adversely affected the internal efficiency and effectiveness of the literacy programmes and projects.

Table 8: Number of Adult Literates (by Gender and Location)

	<i>Benchmark (2002)</i>	<i>Target (2015/16)</i>
Enrolments (million)		
Urban	26.447	52.674
- Male	15.293	27.562
- Female	11.154	25.112
Rural	28.857	73.025
- Male	20.362	37.395
- Female	8.495	35.630

Note: The population projections were obtained from NIPS.

Based on the EFA goals of improving the levels of adult literacy rates by 50% and improving its quality, the study estimates the total cost requirement of the achieving 86% adult literacy for all Pakistani males and females by 2015/16.

For urban areas, the cost of adult literacy programme is estimated at Rs. 35,816 million (with Rs. 14,472 million as development costs) for males and Rs. 40,747 million (with Rs.16,464 million as development expenses) for females (Table 9).

Table 9: Total Cost (in Rs. m) of Adult Literacy in Urban Areas of Pakistan

	MALES			FEMALES		
	2003-06	2006-11	2011-16	2003-06	2006-11	2011-16
Punjab						
Development	1,440	3,022	3,599	1,483	3,190	3,921
Recurrent	2,124	4,457	5,308	2,188	4,705	5,784
Total	3,564	7,479	8,907	3,671	7,894	9,706
Sindh						
Development	779	1,613	1,725	852	1,874	2,189
Recurrent	1,148	2,379	2,545	1,257	2,764	3,229
Total	1,927	3,991	4,270	2,109	4,639	5,418
NWFP						
Development	208	448	618	261	593	864
Recurrent	307	661	911	385	875	1,274
Total	516	1,109	1,528	647	1,468	2,137
Balochistan						
Development	134	277	360	146	332	471
Recurrent	198	409	530	215	490	694
Total	333	686	890	362	822	1,165
Pakistan*						
Development	2,610	5,455	6,407	2,792	6,095	7,577
Recurrent	3,849	8,045	9,450	4,118	8,989	11,176
Total	6,459	13,500	15,857	6,910	15,084	18,752

**Estimates for Pakistan include estimates for FATA and ICT*

For rural areas, the cost of adult literacy programmes is Rs. 49,721 million for males and Rs. 79,210 million for females (Table 10).

Table 10: Total Cost (in Rs. m) of Adult Literacy in Rural Areas of Pakistan

	MALES			FEMALES		
	2003-06	2006-11	2011-16	2003-06	2006-11	2011-16
Punjab						
Development	2,480	4,530	4,036	3,522	6,562	6,612
Recurrent	3,658	6,683	5,954	5,195	9,679	9,754
Total	6,138	11,213	9,990	8,717	16,241	16,366
Sindh						
Development	746	1,330	1,143	1,181	2,205	2,205
Recurrent	1,101	1,961	1,686	1,741	3,253	3,252
Total	1,848	3,291	2,829	2,922	5,458	5,457
NWFP						
Development	712	1,314	1,325	1,203	2,323	2,596
Recurrent	1,050	1,938	1,955	1,774	3,426	3,829
Total	1,762	3,252	3,280	2,977	5,749	6,425
Balochistan						
Development	277	464	474	390	732	807
Recurrent	409	685	699	575	1,079	1,190
Total	687	1,149	1,174	965	1,810	1,997
Pakistan*						
Development	4,458	8,107	7,525	6,600	12,439	12,964
Recurrent	6,575	11,957	11,099	9,736	18,348	19,123
Total	11,032	20,064	18,624	16,336	30,787	32,088

*Estimates for Pakistan include estimates for FATA and ICT

The total cost of achieving 86% adult literacy rates for all Pakistani males and females is Rs. 208,197 million, with Rs. 83,028 million as development costs and Rs. 125,169 million in recurrent expenses (Table 11).

Table 11: Total Cost (in Rs. m) of Adult Literacy in Pakistan

Costs				
ITEM	2003-06	2006-11	2011-16	TOTAL
Punjab				
Development	8,925	17,303	18,169	44,398
Recurrent	13,456	26,087	27,392	66,935
Total	22,381	43,390	45,561	111,332
Sindh				
Development	3,558	7,022	7,262	17,842
Recurrent	5,364	10,586	10,948	26,898
Total	8,922	17,608	18,210	44,739
NWFP				
Development	2,384	4,678	5,402	12,465
Recurrent	3,594	7,053	8,145	18,791
Total	5,978	11,731	13,547	31,256
Balochistan				
Development	948	1,805	2,111	4,864
Recurrent	1,429	2,721	3,183	7,333
Total	2,377	4,526	5,294	12,197
Pakistan*				
Development	16,460	32,095	34,472	83,028
Recurrent	24,814	48,385	51,970	125,169
Total	41,274	80,480	86,443	208,197

**Estimates for Pakistan include estimates for FATA and ICT*

Early Childhood Education: Goals and Resources Required

GOAL

Expanding and improving comprehensive early childhood care and education, especially for the most vulnerable disadvantaged children.

Situation Analysis

According to the recent Population Census, the total population of under 5-year age group in Pakistan was 18.6 million in 1998 - 14.2% of the 130.58 million total population of the country. In the year 2000, the population in the 3-5 years age group was 8.61 million (4.40 million boys and 4.21 girls).

The importance of early childhood care and development (ECCD) in general and early childhood education (ECE) in particular, is now well established. It is widely acknowledged that the effects of the kind of early care a child receives from parents, pre-school teachers and caregivers, determines how well a child learns and performs throughout his/her entire life. Other benefits of early care and education relate to increased economic productivity over a lifetime and better standards of living when the child becomes an adult.

In Pakistan, Early Childhood Education had been well organized and formalized till seventies. Katchi or pre-primary classes were organized in the formal primary schools. However, officially this practice was almost discontinued during eighties. Realizing the role and significance of early childhood education, especially for improving the learning achievement/ competencies, provision has been made in the current National Education Policy (1998-2010) to reintroduce Katchi/pre-primary class as a formal class in primary schools, extending the primary education for six years - Katchi to grade V.

In the public sector primary schools, especially in rural areas, children below 5 years of age do attend school informally, and learn basic concepts of literacy and numeracy. Available evidence indicates that the average ECE participation rate is almost 25%. Of the total enrolment in pre-primary and primary classes, the share of enrolment in pre-primary classes ranges between 4.73% in Islamabad Capital Territory and 30.11% in Federally Administered Tribal Areas (Table 12).

Table 12: Enrolment in Pre-Primary (Katchi/Unadmitted) Classes: 1999/2000

	Total Enrolment (Class 1-V) and Pre-primary	Total (Gross) Enrolment in Pre- Primary (Katchi/Unadmitted)	% Enrolment in Pre-Primary	% Female Enrolment in Pre- Primary
Punjab	10,056,283	1,847,967	18.38	45.59
Sindh	3,342,911	243,747	7.29	36.96
NWFP	3,060,599	541,425	17.69	39.97
Balochistan	836,262	218,716	26.15	36.87
FATA	415,438	125,097	30.11	22.19
FANA	158,625	36,030	22.71	39.59
ICT	144,244	6,827	4.73	44.95
TOTAL	18,149,646	3,019,809	16.64	42.21

Source: (i) Provincial EMIS; (ii) NEMIS; (iii) FBS;
(iv) Pakistan Literacy Commission; and
(v) Curriculum Wing, MoEducation

In private sector schools, especially schools run on commercial basis, pre-primary education is well organized, being an essential part of primary education. However, due to their high fees, these private schools cater only to the needs of the relatively affluent urban class, excluding a large section of the society comprising poor families. Almost all such schools arrange pre-primary education in the form of Nursery, Pre-nursery or Kindergarten KG-I, KG-II classes.

In Pakistan, early childhood education suffers from a series of problems which include: (i) lack of realization and awareness about the importance of the benefits of early childhood education; (ii) absence of well-defined policy, laws and rules for early childhood education; (iii) lack of ECE facilities and infrastructure in schools such as separate pre-primary classroom, separate teacher; separate materials; (iv) financial allocation to ECE is negligible, especially in relation to the needs of the children; (v) lack of coordination among the various government departments related to early childhood care and education and also among the different service providers such as managements of public schools; private schools; NGOs; and other related community-based organizations; and (vi) provinces, district communities and schools lack the capacity to plan, implement and monitor ECE programmes.

According to the EFA goals of expanding and improving comprehensive early childhood care and education, especially for the most vulnerable and disadvantaged children, the study estimates the resource requirement of raising the present participation rate from 25% to 50%.

Table 13: ECE Enrolments by Gender and Location

	<i>Benchmark (2002)</i>	<i>Target (2015/16)</i>
Enrolments (000)		
Urban	542	1,519
- Male	310	780
- Female	232	739
Rural	1,835	2,485
- Male	1,137	1,284
- Female	698	1,201

Note: The population projections were obtained from NIPS.

For urban areas, the total cost of reaching 50% participation rate for both boys and girls in early childhood education is Rs. 13,134 million for boys and Rs. 14,343 million for girls (Table 14)

Table 14: Total Cost (in Rs. m) of Early Childhood Education in Urban Areas.

	Boys			Girls		
	2003-06	2006-11	2011-16	2003-06	2006-11	2011-16
PUNJAB						
- Development	218	481	711	222	476	695
- Recurring	214	1,354	3,326	217	1,342	3,294
- Total	432	1,834	4,037	440	1,819	3,989
SINDH						
- Development	231	381	483	269	437	533
- Recurring	231	1,255	2,745	269	1,451	3,129
- Total	462	1,636	3,229	538	1,889	3,662
NWFP						
- Development	19	54	49	35	79	84
- Recurring	17	135	308	33	215	496
- Total	35	189	357	68	295	580
BALUCHISTAN						
- Development	21	49	53	25	60	68
- Recurring	20	132	307	23	156	369
- Total	40	180	360	48	216	436
PAKISTAN*						
- Development	502	992	1,324	567	1,085	1,413
- Recurring	494	2,956	6,866	555	3,250	7,472
- Total	996	3,949	8,189	1,123	4,335	8,885

*Estimates for Pakistan include estimates for FATA and ICT

For rural areas, the nature of population projections for the younger age groups has led to a wide gender difference in total costs of early childhood education: for boys, the total cost is Rs. 4,863 million while for girls it is Rs. 15,294 (Table 15).

Table 15: Total Cost (in Rs. m) of Early Childhood Education in Rural Areas

	Boys			Girls		
	2003-06	2006-11	2011-16	2003-06	2006-11	2011-16
PUNJAB						
- Development	18	112	325	231	504	642
- Recurring	17	180	882	228	1,422	3,367
- Total	35	292	1,207	459	1,926	4,009
SINDH						
- Development	85	167	160	201	267	254
- Recurring	84	490	1,058	204	1,008	1,956
- Total	169	657	1,218	405	1,275	2,210
NWFP						
- Development	13	55	10	114	220	153
- Recurring	11	131	236	111	669	1,343
- Total	24	186	247	225	889	1,496
BALUCHISTAN						
- Development	23	49	23	58	107	88
- Recurring	24	139	271	56	328	677
- Total	47	188	294	114	435	765
PAKISTAN*						
- Development	151	420	531	651	1,189	1,217
- Recurring	143	1018	2,600	644	3,693	7,900
- Total	294	1,438	3,131	1,295	4,881	9,117

**Estimates for Pakistan include estimates for FATA and ICT*

The total cost of early childhood education for both boys and girls in both urban and rural areas is Rs. 48,329 million with almost 20% as development costs and 80% for recurrent expenses (Table 16).

Table 16: Total Cost (in Rs. m) of Early Childhood Education in Pakistan

	2003-06	2006-11	2011-16	TOTAL
PUNJAB				
- Development	691	1,576	2,378	4,645
- Recurring	723	4,404	11,028	16,155
- Total	1,414	5,980	13,406	20,800
SINDH				
- Development	789	1,255	1,434	3,478
- Recurring	839	4,288	8,984	14,111
- Total	1,628	5,543	10,418	17,589
NWFP				
- Development	181	410	297	888
- Recurring	183	1,177	2,403	3,764
- Total	364	1,587	2,701	4,652
BALUCHISTAN				
- Development	128	266	233	626
- Recurring	131	773	1,639	2,542
- Total	259	1,038	1,872	3,168
PAKISTAN*				
- Development	1,876	3,695	4,496	10,067
- Recurring	1,962	11,163	25,138	38,262
- Total	3,838	14,858	29,633	48,329

**Estimates for Pakistan include estimates for FATA and ICT*

TOTAL PUBLIC SECTOR FINANCIAL REQUIREMENT

The total estimated public sector financial requirement to meet EFA targets in the three themes i.e., primary education, adult literacy and early childhood education by 2015/16 is Rs. 1,212,097 million, spread over three phases (Table 17). This requirement is based on a less-idealistic/more-realistic approach of estimation. The development and recurring funds requirement in the three areas is as follows:

Table 17: Resource Requirement to meet EFA Targets by 2015/16

(Rs. M)

ITEM	Phase-I	Phase-II	Phase-III	TOTAL
	2003-06	2006-11	2011-16	
Total Adnl. Cost Primary (Development):	53,054	42,931	41,823	137,807
Total Adnl. Cost Primary (Recurring):	21,239	83,262	130,963	235,464
Total Adnl. Cost Primary (Dev + Rec):	74,293	126,192	172,786	373,271
Existing Schools Costs	103,636	210,283	268,381	582,300
Total Cost (Existing+Additional):	177,929	336,476	441,167	955,571
Total Cost Literacy (Development) :	16,460	32,095	34,472	83,028
Total Cost Literacy (Recurring) :	24,814	48,385	51,970	125,169
Total Cost Literacy (Dev+Rec) :	41,274	80,480	86,443	208,197
Total Cost ECE (Development):	1,876	3,695	4,496	10,067
Total Cost ECE (Recurring):=	1,962	11,163	25,138	38,262
Total Cost ECE (Dev+Rec):	3,838	14,858	29,633	48,329
Total Adnl. Requirement (Dev)	71,390	78,721	80,791	230,901
Total Adnl. Requirement (Recurring)	48,014	142,809	208,071	398,895
Total Adnl. Requirement (Dev+Rec)	119,404	221,530	288,862	629,796
Grand Total (including Existing)	223,040	431,813	557,243	1,212,097

A second approach related to a more idealistic approach based on good quality five-classroom for urban area and two class room model schools was also adopted which yielded considerably higher cost estimates of Rs. 2,817,297 million (Table 18):

Table 18: Resource Requirement based on Idealistic Approach to meet EFA Targets by 2015/16

(Rs. M)

ITEM	Phase-I	Phase-II	Phase-III	TOTAL
	2003-06	2006-11	2011-16	
Total Cost Primary (Development):	945,898	675,917	109,611	1,731,425
Total Cost Primary (Recurring):	22,249	87,387	137,410	247,046
Total Cost Primary (Dev + Rec):	968,147	763,304	247,020	1,978,472
Existing Schools Costs	103,636	210,283	268,381	582,300
Total Cost (Existing+Additional):	1,071,783	973,587	515,401	2,560,772
Total Cost Literacy (Development) :	16,460	32,095	34,472	83,028
Total Cost Literacy (Recurring) :	24,814	48,385	51,970	125,169
Total Cost Literacy (Dev+Rec) :	41,274	80,480	86,443	208,197
Total Cost ECE (Development):	1,876	3,695	4,496	10,067
Total Cost ECE (Recurring):=	1,962	11,163	25,138	38,262
Total Cost ECE (Dev+Rec):	3,838	14,858	29,633	48,329
Total Requirement (Dev)	964,234	711,707	148,579	1,824,520
Total Requirement (Recurring)	49,025	146,934	214,518	410,477
Total (Dev+Rec)	1,013,259	858,641	363,097	2,234,997
Grand Total (including Existing)	1,116,895	1,068,925	631,477	2,817,297

SECTION V

BUDGETARY PROCESS AND FINANCIAL MANAGEMENT

Budgetary Process

The formulation of the annual budget at the federal level is a lengthy process. The Finance Division follows a time schedule for preparation of the federal budget. It generally starts in the month of November and ends in June - when the new budget is presented and approved by the National Assembly.

The process includes many stages and levels spread over a period of many months. The non-development or recurring budget is approved by the Finance Division on case-to-case basis. The recurring budgets are prepared by the concerned organizations or departments on the basis of the strength of employees in that organization. It includes salaries of staff, provision for maintenance of building, equipment, purchase of goods, electricity, gas, water, telephone charges, publications, research items, raw materials, etc. The cost of each sub-item is justified as compared to the number of employees working for that purpose. The Finance Division then approves the allocation on case-to-case basis, according to the justification provided by the organization for each item of expenditure.

The development budget is prepared sector-wise and sub-sector-wise. Education sector provides information on all development projects from all of its sub-sectors such as primary education, secondary education, technical education, teacher education, college education, scholarships, libraries, literacy & mass education, universities or higher education, etc. The project-wise financial requirements are compiled on a lengthy proforma of 32 columns for each of the projects and discussed by the *Priorities Committee* under the chairmanship of the Additional Finance Secretary. The recommendations of the Priorities Committee are further discussed by the *Annual Plan Coordination Committee (APCC)* under the chairmanship of the Deputy Chairman of the Planning Commission. The APCC meeting is also attended by the provincial Finance Ministers. The recommendations of APCC are then approved and finalized by the *National Economic Council (NEC)* under the chairmanship of the Prime Minister of Pakistan. Subsequently, the approved development and non-development budgets are passed by the *National Assembly*, and published by the Finance Division for information to all concerned and for their implementation.

Disbursement Process

At the federal level, the funds are released through the Ministry of Finance. The re-appropriation of funds from one head of account to another is also done by the Finance Division with the concurrence of the Planning and Development Division, in exceptional cases. The supplementary grants, if required during the course of the financial year for some items of immediate nature expenditure, are also sanctioned by the Finance Division, that too in rare cases.

The allocated funds for social sectors are not released in lump sum but released according to a strategy for operation of the budget in the first and second half of the financial year, as described below;

Item	First Half	Second Half	
	1 st and 2 nd quarter (1 st July to 31 st December)	3 rd quarter (Jan – Mar)	4 th quarter (Apr – Jun)
Social Sector Expenditure			
Current Expenditure	40 % of budget allocation	25 % of budget.	35 % of budget
Development Expenditure	50 % of budget allocation	30 % of budget	20 % of budget

The funds are released in installments as mentioned above after the specific clearance of the Finance Division on case-to-case basis and subject to resource availability. In the past the imposition of budget cuts during the course of the financial year and especially during the last quarter were also noted.

The development budget release sanction letters are prepared by the Ministry of Education and forwarded to the Financial Adviser’s Organization (F.A. Org.) of the Finance Division through the Section Officer (Finance & Accounts) [SO(F&A)] of the Ministry of Education. The Finance & Accounts Section of the Ministry of Education acts as a hub or coordinating office for all matters relating to budgets and accounts. The sanction letter is endorsed by the Deputy Financial Adviser (Education) after thorough scrutiny of all related documents, proformas and past utilization reports. The endorsed sanction letter is then submitted to the Accountant General of Pakistan Revenues (AGPR) for payment. A copy of the sealed authority regarding release of funds is invariably issued by AGPR to SO(F&A) of the concerned Ministry. The reconciliation of accounts, during and after the close of the financial year, is also done by SO(F&A) on behalf of the Ministry of Education. The release procedure has recently been simplified by considerably reducing the number of documents required and number of offices involved.

Fiscal Devolution¹

The government, under the Local Government Plan 2000, has undertaken fiscal devolution reforms to facilitate people-centered participation, and greater accountability and transparency. As part of these overall reforms as stated in the Provincial Local Government Ordinance 2001 and reflected in the Education Sector Reforms Action Plan 2001-2005, the district rather than province, has become the operational tier of governance.

In the education sector, the district governments now have the lead responsibility in deciding on where to locate new schools, how to finance their construction, in addition to inspecting schools to ensure that they comply with the standards and in carrying out the annual evaluation of teachers and head teachers. Under the District Coordinating Officer, the Executive District Officer Education (EDO-E) is a new position at district level with responsibility for the entire

¹ Taken from Fiscal Devolution in Education: Case Study Reflecting Initial Responses

education sector as opposed to a particular branch within the sector, as was previously the case. The EDO-E is required to take decisions on allocation of resources across branches and levels of education.

With the setting up of district governments, a new Account No. IV, which is district account, was created under the Local Government Ordinance. All finances generated at the district level or allocated to districts under special programs/grants are placed in this account. The ESR/EFA funds, presidents program grant and the Khushal Pakistan program funds were also allocated to this account.

Resource allocations in Pakistan

In Pakistan the absolute amount of budget allocated to education is low. Although education enjoys the highest priority on the social sector agenda, yet allocations are relatively modest due to the intrinsic rigidities (such as resource constraints, large establishment bills due to a large salaried workforce and heavy debt interest repayments) in the financial system of Pakistan, arising from more pressing commitments of the country. As national expenditures have always far exceeded revenue collections, fiscal deficits have remained high. To close the resource gap, there has been a historical heavy reliance on external borrowing. In addition, the geo-political situation of the country is such that high defense allocations are required for maintaining security and national sovereignty. As such, interest payments and defense expenditures make up bulk of expenditures. During the past four years, defense expenditures and interest payments consumed about one fifth and one third of total expenditures (Table 19). The amount spent on social, economic and community services is approximately 15 % of total expenditure. Estimates suggest that of this, almost one-half i.e. about 7%-8% is spent on education.

Table 19: Distribution of National Expenditures by Sectors

	% of Expenditures			
	1998/99	1999/00	2000/01	2001/02
DEVELOPMENT EXPENDITURES	15.5	13.5	10.5	15.8
CURRENT EXPENDITURES	84.5	86.5	89.5	84.2
- Defense	22.1	20.2	18.0	17.9
- Interest Payments	34.1	35.8	34.3	32.6
- Current Subsidies	2.3	2.7	3.2	3.0
- Gen. Administration	10.3	9.8	12.9	12.3
- Social/Eco and Community Services	13.9	13.8	17.34	15.4
- Grants	1.8	4.2	3.7	3.2
TOTAL	100%	100%	100%	100%

Source: Economic Survey 2001/02; Finance Division; Govt. of Pakistan; Islamabad

Education Budget in Pakistan

According to the National Finance Commission Award, provinces receive funds from the federal divisible pool in accordance with a formula, largely based on the provincial shares of population. The provinces then, along with their own resources, allocate funds across various sectors, depending on their respective priorities.

Since the early 1990s, provinces realized the need for improvements in the social sectors (education, health, and water and sanitation) and made allocations accordingly. Education, too, received an impetus and supported by donor assistance, substantial investments were made to improve the access to, and quality of, education.

Information regarding national and provincial budgets as well as budgets allocated to education sector during (1998/99-2002/03) shows that in Pakistan, slightly more than 7 % of the national budget is spent on education. However, at the provincial level education gets an allocation between 20% - 30 %, with Punjab allocating the highest proportion of funds to education, closely followed by NWFP (Table 20)

It is also evident that the highest proportion of education budgets are spent on recurrent heads – mainly as salaries and for operations and maintenance. At present, this proportion ranges between 80% in Balochistan to 95% in Punjab. As such, little amounts are left for development expenditures. Particularly, in Punjab only 5 % of the education budget is spent on development heads. On the other hand the proportion is close to 20 % in Balochistan.

Table 20: Budget Allocations in Pakistan by Provinces (1998/99-2002/03)

	Education Budget			Provincial Budget			% of Prov Budget		
	Total	Dev	Recurr	Total	Dev	Recurr	Total	Dev	Recurr
	(Rs. In Mill)	As % of Total		(Rs. in Mill)	As % of Total				
PUNJAB									
1998-99	32540.623	7.90	92.10	103042.891	14.92	85.08	31.58	16.72	34.18
1999-00	31527.261	4.86	95.14	100264.352	9.05	90.95	31.44	16.88	32.89
2000-01	32464.378	5.49	94.51	127992.000	16.24	83.76	25.36	8.57	28.62
2001-02	31681.772	4.36	95.64	127640.235	15.28	84.72	24.82	7.09	28.02
2002-03	32520.000	4.17	95.83	137850.205	15.05	84.95	23.59	6.53	26.61
AVG		5.35	94.65		14.11	85.89	27.36	11.16	30.07
SINDH									
1998-99	16286.730	14.16	85.84	74894.087	11.63	88.37	21.75	26.48	21.12
1999-00	14250.785	8.65	91.35	65163.612	6.14	93.86	21.87	30.81	21.28
2000-01	15078.242	8.44	91.56	79553.300	14.15	85.85	18.95	11.30	20.21
2001-02	14337.691	8.02	91.98	82127.054	12.69	87.31	17.46	11.03	18.39
2002-03	18876.000	8.48	91.52	99287.494	14.58	85.42	19.01	11.05	20.37
AVG		9.55	90.45		11.84	88.16	19.81	18.14	20.28
NWFP									
1998-99	11068.280	14.43	85.57	37928.537	12.99	87.01	29.18	32.41	28.70
1999-00	11408.943	13.62	86.38	39488.220	10.12	89.88	28.89	38.88	27.77
2000-01	12074.682	12.41	87.59	48368.900	19.10	80.90	24.96	16.23	27.03
2001-02	8964.067	7.41	92.59	39976.134	19.98	80.02	22.42	8.32	25.95
2002-03	10048.000	20.38	79.62	61234.291	22.33	77.67	16.41	14.98	16.82
AVG		13.65	86.35		16.90	83.10	24.37	22.16	25.25
BALUCH.									
1998-99	3810.217	8.73	91.27	17175.233	11.64	88.36	22.18	16.63	22.92
1999-00	5333.611	26.04	73.96	22672.000	24.35	75.65	23.53	25.16	23.00
2000-01	5098.215	15.86	84.14	24749.997	28.26	71.74	20.60	11.56	24.16
2001-02	5172.268	20.73	79.27	26337.894	30.19	69.81	19.64	13.48	22.30
2002-03	7545.000	20.61	79.39	28267.767	30.11	69.89	26.69	18.27	30.32
AVG		18.39	81.61		24.91	75.09	22.53	17.02	24.54
PAKISTAN									
1998-99	69926.680	11.07	88.93	909913.748	16.33	83.67	7.68	5.21	8.17
1999-00	69964.393	10.60	89.40	918945.811	15.11	84.89	7.61	5.34	8.02
2000-01	72237.572	9.17	90.83	978670.697	17.24	82.76	7.38	3.93	8.10
2001-02	69249.798	9.91	90.09	1012366.317	15.85	84.15	6.84	4.28	7.32
2002-03	79478.000	11.79	88.21	1039916.757	15.65	84.35	7.64	5.76	7.99
AVG		10.51	89.49		16.04	83.96	7.43	4.90	7.92

Source: Federal and Provincial Budget Documents

Another important aspect of education budget is its distribution to the sub-sectors such as primary and secondary education (Table 21).

Table 21: Allocations (%) to Education by sub-sectors

	Total			Development			Recurring		
	Prim	Second	Others	Prim	Second	Others	Prim	Second	Others
PUNJAB	67.64	22.02	10.35	63.84	18.92	17.24	67.79	22.29	9.93
SINDH	50.05	28.70	21.24	35.37	22.26	42.36	51.34	29.46	19.19
NWFP	61.20	26.61	12.19	71.47	21.71	6.82	59.06	27.76	13.18
BALOCH.	46.05	28.98	24.96	44.79	31.33	23.89	45.49	29.77	24.74
PAKISTAN	54.54	23.23	22.22	46.67	19.00	34.33	55.41	23.74	20.86

Source: Federal and Provincial Budget Documents.

During the current plan period, on average, slightly more than half of the education budget, at the national level, goes to primary education. Further, the remaining one half is distributed evenly to secondary level and all other levels. At the provincial level, Punjab allocates the highest funds, more than 65 % to primary level followed by NWFP, which allocates more than 60 %. Balochistan is the only province that allocates less than half of its education budget to primary sector.

The relevant aspect in finance of education is the amount actually spent in education sector. Even the low budgets allocated to education sector are not fully spent (Table 22). Except for the year 2001-02, the proportion of budgets utilized actually spent is generally low. Balochistan spends relatively higher proportions. Almost all actual expenditures are spent on recurrent heads.

Table 22: Allocated and Actual Expenditure on Education (1998-99 to 2001-02)

	Allocated Budget			Actual Expenditure			%Utilized		
	TOTAL	Dev	Recurr	TOTAL	Dev	Recurr	TOTAL	Dev	Recurr
PUNJAB									
1998-99	32540.623	7.90	92.10	22297.941	4.28	95.72	68.52	37.12	71.22
1999-00	31527.261	4.86	95.14	13336.421	3.01	96.99	42.30	26.25	43.12
2000-01	32464.378	5.49	94.51	24940.608	1.06	98.94	76.82	14.91	80.42
2001-02	31681.772	4.36	95.64	27472.000	2.09	97.91	86.71	41.44	88.78
AVG		5.65	94.35		2.61	97.39	68.59	29.93	70.88
SINDH									
1998-99	16286.730	14.16	85.84	10173.739	0.76	99.24	62.47	3.35	72.22
1999-00	14250.785	8.65	91.35	11601.862	1.54	98.46	81.41	14.46	87.75
2000-01	15078.242	8.44	91.56	12332.492	1.24	98.76	81.79	12.00	88.22
2001-02	14337.691	8.02	91.98	14427.000	2.06	97.94	100.62	25.83	107.15
AVG		9.82	90.18		1.40	98.60	81.57	13.91	88.83
NWFP									
1998-99	11068.280	14.43	85.57	6728.609	3.63	96.37	60.79	15.31	68.46
1999-00	11408.943	13.62	86.38	8095.887	6.92	93.08	70.96	36.05	76.46
2000-01	12074.682	12.41	87.59	8571.063	6.58	93.42	70.98	37.61	75.72
2001-02	8964.067	7.41	92.59	8890.000	0.97	99.03	99.17	12.95	106.07
AVG		11.97	88.03		4.52	95.48	75.48	25.48	81.68
BALUCHISTAN									
1998-99	3810.217	8.73	91.27	3174.900	0.00	100.00	83.33	0.00	91.30
1999-00	5333.611	26.04	73.96	3540.983	0.00	100.00	66.39	0.00	89.77
2000-01	5098.215	15.86	84.14	4021.208	0.00	100.00	78.87	0.00	93.74
2001-02	5172.268	20.73	79.27	3960.000	2.95	97.05	76.56	10.91	93.73
AVG		17.84	82.16		0.74	99.26	76.29	2.73	92.13
PAKISTAN *									
1998-99	69926.680	11.07	88.93	48336.536	4.37	95.63	69.12	27.29	74.33
1999-00	69964.393	10.60	89.40	43457.295	5.05	94.95	62.11	29.59	65.97
2000-01	72237.572	9.17	90.83	56571.034	3.25	96.75	78.31	27.71	83.42
2001-02	69249.798	9.91	90.09	66290.000	8.28	91.72	95.73	80.05	97.45
AVG		10.19	89.81		5.24	94.76	76.32	41.16	80.29

Source: Federal and Provincial Budget Documents and Finance of Accounts

*Estimates for Pakistan include estimates for FATA and ICT

The percentage distribution of actual expenditure to sub sectors indicates that, at the national level, slightly less than one-half of the expenditures is spent on the primary sector (Table 23). Punjab and Sindh spend one-half of their education expenditures on primary level while Balochistan spends the least, i.e., about 40 %.

Table 23: Actual Expenditure on Education in Pakistan by sectors (in Percent)

	Total Expenditure			Development			Recurring		
	Prim	Second	Others	Prim	Second	Others	Prim	Second	Others
PUNJAB	50.11	29.84	20.05	61.25	10.74	28.01	49.62	30.49	19.89
SINDH	51.60	28.33	20.07	16.96	24.29	58.74	52.08	28.36	19.57
NWFP	47.37	37.74	14.89	63.44	10.25	26.31	45.94	39.27	14.79
BALUCHISTAN	41.21	36.09	22.71	na	na	na	41.53	36.33	22.14
PAKISTAN	45.47	28.55	25.98	40.38	7.16	52.45	45.78	29.74	24.48

Source: Federal and Provincial Finance of Accounts.

Problems faced by Provinces in allocations to education

Since the 1996 National Finance Commission (NFC) Award (which became effective with the 1996/97 budget) and the tax and tariff reforms falling immediately after the announcement of the NFC Award (GST rate was lowered from 15% to 12% and custom tariffs, too, were lowered, the provinces experienced a drastic slow down in growth of their revenue resources. The problem was further compounded by: (i) a change in financial procedure regarding federal tax transfer to the provincial governments (rather than making monthly transfers on the basis of budgeted amount, with adjustment made at the end of the year, transfers were made on the basis of actual monthly collections) and (ii) the perpetual revenue shortfalls at the federal level. The resulting resource crunch in the provinces, coupled with their own budgetary rigidities (such as falling resources, large establishment bill due to a large salaried workforce, heavy interest repayments to development loans from federal government, etc.) implied a sharp reduction in development and non-salary expenditures in the provinces. With education sector being the largest sector in terms of its budgetary allocations, development and non-salary allocation sector for the education sector were the worst hit, affecting the outreach and quality of service delivery.

SECTION VI.

TOTAL DOMESTIC RESOURCES AND FINANCIAL GAP

Expenditures / allocations to education till 2015/2016 can be projected on the trends and patterns of budgetary allocations to education made at the national and provincial levels observed during the current plan period (presented in section V). Since the study focuses on three areas, i.e., primary education, adult literacy, and early childhood education, projections were made only for two areas i.e. primary education and adult literacy, as early childhood education has to-date been considered as a part of primary education in policy, planning and finances (Tables 24 and 25).

Table 24: Resources for Primary Schooling (Rs. In billion)

	Phase-I	Phase-II	Phase-III	TOTAL
	2003 - 06	2006 - 11	2011- 16	
PUNJAB	59.818	138.779	208.676	407.273
Dev.	3.589	8.327	12.521	24.436
Recurring.	56.229	130.452	196.155	382.837
SINDH	24.058	55.815	83.927	163.801
Dev.	1.684	3.907	5.875	11.466
Recurring.	22.374	51.908	78.052	152.335
NWFP	13.999	32.477	48.834	95.309
Dev.	2.100	4.872	7.325	14.296
Recurring.	11.899	27.605	41.509	81.013
BALUCHISTAN	5.478	12.708	19.109	37.295
Dev.	0.931	2.160	3.249	6.340
Recurring.	4.546	10.548	15.860	30.955
PAKISTAN	114.836	266.422	400.607	781.864
Dev.	11.060	25.660	38.584	75.304
Recurring.	103.776	240.762	362.023	706.560

It is estimated that about Rs. 115 billion would be allocated to primary education in Phase I (Table 24). Similarly, Rs. 266 and 400 billions would be allocated in phases II and III respectively. As such, a total of over Rs. 782 billion is expected to be allocated for primary education in public sector by 2015/16.

Similarly, the projected allocations for adult literacy amount to slightly more than Rs. 4 billion (Table 25).

Table 25: Resources for Adult Literacy (Rs. In billion)

	Phase-I	Phase-II	Phase-III	TOTAL
	2003 – 06	2006 - 11	2011 – 16	
PUNJAB	0.317	0.735	1.105	2.157
Dev.	0.019	0.044	0.066	0.129
Recurr.	0.298	0.691	1.039	2.028
SINDH	0.127	0.296	0.445	0.868
Dev.	0.009	0.021	0.031	0.061
Recurr.	0.119	0.275	0.413	0.807
NWFP	0.074	0.172	0.259	0.505
Dev.	0.011	0.026	0.039	0.076
Recurr.	0.063	0.146	0.220	0.429
BALUCHISTAN	0.029	0.067	0.101	0.198
Dev.	0.005	0.011	0.017	0.034
Recurr.	0.024	0.056	0.084	0.164
PAKISTAN	0.608	1.411	2.122	4.141
Dev.	0.059	0.136	0.204	0.399
Recurr.	0.550	1.275	1.917	3.742

ESTIMATION OF FINANCIAL “GAP”

Considering the estimated financial requirement of Rs. 1,212,097 billion to meet EFA targets by 2015/16 (ref. Table 17) and the projected budgetary resources which would be available to the three EFA themes, i.e., primary education, adult literacy, and early childhood education, a financing gap of over Rs. 426 billion has been calculated (Table 26).

Table 26: Resource Requirement to meet EFA Targets by 2015/16 (Rs. M)

ITEM	Phase-I 2003-06	Phase-II 2006-10	Phase-III 2010-16	TOTAL
Total Cost (Additional) Primary (Development):	53,054	42,931	41,823	137,807
Total Cost (Additional) Primary (Recurring):	21,239	83,262	130,963	235,464
Total Cost (Additional) Primary (Dev + Rec):	74,293	126,192	172,786	373,271*
Existing Schools Costs	103,636	210,283	268,381	582,300
Total Cost Primary (Existing+Additional):	177,929	336,476	441,167	955,571
Total Cost Literacy (Development) :	16,460	32,095	34,472	83,028
Total Cost Literacy (Recurring) :	24,814	48,385	51,970	125,169
Total Cost Literacy (Dev+Rec) :	41,274	80,480	86,443	208,197
Total Cost ECE (Development):	1,876	3,695	4,496	10,067
Total Cost ECE (Recurring):=	1,962	11,163	25,138	38,262
Total Cost ECE (Dev+Rec):	3,838	14,858	29,633	48,329
Total Additional Requirement (Dev)	71,390	78,721	80,791	230,901
Total Additional Requirement (Recurring)	48,014	142,809	208,071	398,895
Total Additional (Dev+Rec)	119,404	221,530	288,862	629,796
Grand Total (including Existing)	223,040	431,813	557,243	1,212,097
Estimated Available Resources (Primary)	114,848	266,448	400,647	781,864
Estimated Available Resources(Literacy)	608	1,411	2,122	4,141
Total Available Resources**	115,456	267,859	402,769	786,005
FINANCING GAP (2003-16) Realistic	107,584	163,954	154,474	426,092
<i>In Million US \$ (@ 1 US \$=Rs.58)</i>	<i>1,855</i>	<i>2,827</i>	<i>2,663</i>	<i>7,345</i>
<i>Average Annual million \$</i>				<i>565</i>

* Equivalent to annual average cost of US \$ 495 million: This compares well with the average annual additional cost of achieving UPE by 2015 for Pakistan, estimated by UNICEF (US \$790.38m); UNESCO (US \$394.91 m) and World Bank (US \$660.69 m); Source: EFA Global Monitoring Report.

** These are based on the 8.5% growth rate of GDP used in the PRSP projections for 2002/03.

However, if a more idealistic approach based on good quality five-classroom in urban and two-classroom in rural model schools is considered, the financing gap would be expected to exceed Rs. 2,031,292 million (Table 27).

Table 27: Resource Requirement based on Idealistic Approach to meet EFA Targets by 2015/16 (Rs. M)

ITEM	Phase-I	Phase-II	Phase-III	TOTAL
	2003-06	2006-10	2010-16	
Total Cost (Additional) Primary (Development):	945,898	675,917	109,611	1,731,425
Total Cost (Additional) Primary (Recurring):	22,249	87,387	137,410	247,046
Total Cost (Additional) Primary (Dev + Rec):	968,147	763,304	247,020	1,978,472
Existing Schools Costs	103,636	210,283	268,381	582,300
Total Cost (Existing+Additional) PRIMARY	1,071,783	973,587	515,401	2,560,772
Total Cost Literacy (Development) :	16,460	32,095	34,472	83,028
Total Cost Literacy (Recurring) :	24,814	48,385	51,970	125,169
Total Cost Literacy (Dev+Rec) :	41,274	80,480	86,443	208,197
Total Cost ECE (Development):	1,876	3,695	4,496	10,067
Total Cost ECE (Recurring):=	1,962	11,163	25,138	38,262
Total Cost ECE (Dev+Rec):	3,838	14,858	29,633	48,329
Total Additional Requirement (Dev)	964,234	711,707	148,579	1,824,520
Total Additional Requirement (Recurring)	49,025	146,934	214,518	410,477
Total Additional (Dev+Rec)	1,013,259	858,641	363,097	2,234,997
Grand Total (including Existing)	1,116,895	1,068,925	631,477	2,817,297
Estimated Available Resources (Primary)	114,848	266,448	400,647	781,864
Estimated Available Resource (Literacy)	608	1,411	2,122	4,141
Total Available Resources **	115,456	267,859	402,769	786,005
FINANCING GAP (2003-16) Ideali	1,001,439	801,066	228,708	2,031,292
In Million US \$ (@ 1 US\$ = Rs. 58)	17,266	13,811	3,943	35,021
Average Annual million \$				2,694

** These are based on the 8.5% growth rate of GDP used in the PRSP projections for 2002/03.

SECTION VII

PUBLIC-PRIVATE PARTNERSHIP IN EDUCATION

To increase access to quality education in Pakistan at all levels, one of the seven thrust areas of the Education Sector Reforms agenda is the development of partnership between public, private and NGO/civil society sectors. Strategies which are under implementation include provision of an incentive package for the private sector/NGOs; involvement of private sector in the management of under utilized public sector institutions; provision of grants and soft loans through the restructured Education Foundations; adopt-a-school or school improvement programme and introduction of information technology courses in schools/colleges through private sector under public-private partnership.

To capture the essence of the public-private partnership (PPP) and to assess the financial implications/benefits of this arrangement, two rural schools (one under Adopt-a-School Programme and the other under the Community Support Rural Programme) were visited. Interviews with the head teachers of these two schools as well as their needs assessment reports and monitoring sheets revealed that overall public-private partnership arrangement has been functioning satisfactorily and has generated several benefits both directly to the students as well as to the community surrounding these schools.

Adopt-a-School Programme

The main thrust of the Adopt-a-School Programme is to replace dysfunctional public schools with an improved physical infrastructure and efficient education delivery mechanism through greater coordination between insiders and outsiders² of the school's environment.

The main features of the Adopt-a-School Programme, a long-term framework with an action plan for improvement of government schools, are:

- strengthening the management and supervision of adopted schools and appropriate incentives for greater community, NGO and private sector participation;
- mobilizing resources of the Department of Education and Civic Agencies for the betterment of the schools in question;
- assigning greater role to the parents and communities in school improvement;
- regular monitoring and evaluation of implementation and impact of various initiatives undertaken for sustainable improvement in the adopted schools by the National Education Foundation's monitoring team;
- delivery of quality education by providing access to improved teachers training programme and curriculum management;
- upgrading of the existing infrastructure of the schools by eliciting support from donors and other relevant agencies.

² "Outsiders" should be perceived as catalyst to mobilize national and international support for providing needed injection of funds, managerial and technical expertise for transforming the dysfunctional and underutilized schools into self sustained improved model educational facilities.

A year after the initial launch of the “Adopt a School Programme”, two clusters of ICT schools under the Federal Directorate of Education (FDE) were adopted by the National Education Foundation (NEF) in collaboration with Idara-e-Taleem-o-Agahi³. At present, there seems considerable ground for optimism about achieving progress towards the intended targets.

The role of the National Education Foundation in the Adopt-a-School Programme is primarily of a facilitator to coordinate school improvement activities such as holding teachers’ training workshops; devising feasible plans; resource mobilization; providing logistic support; promoting effective coordination between adopters, parents, community and school authorities; undertaking documentation and research work; and other supporting activities.

Adopt-a-School Programme

Federal Government Girls’ Secondary School, Noor Pur Shahan.

(Adopted by Idara-e-Taleem-o-Aaghai, ITA)⁴.

Located in the suburb of Islamabad, this school was established in 1974 but had not taken off as a functionally viable school. The condition of the building posed a security risk; class room space was inadequate for the number of students; there has been an acute shortage of drinking water; given the lack of teachers’ training opportunities, the content and method of teaching was far below recognized standards; and the school lacked necessary academic facilities such as a science laboratory.

Interview with the head teacher revealed the following information:

Basic School Information

Date of Adoption: May 15, 2002, for three years.

Reasons for Adoption: The school was adopted as it is located in a neighbourhood of extreme poverty and also suffered from poor conditions and under-utilized capacity, with shortage of teachers.

Change in Enrolment: There has been a change in the total enrolment from the pre-adoption level to present level – before adoption, there were 595 girl students; enrolment after adoption rose to 709 students.

Change in Staff: Since adoption, there are two extra teachers that have been provided, which increased staff strength from 15 to 17. The non-teaching staff (6 supporting staff) of the school has remained the same. There has been an addition of 1 computer teacher, paid from the funds collected by the school as computer charges.

Parents Teachers Association (PTA): The School continues to be advised by a committee of 11 members (chaired by the head teacher, it has 6 elected parents and 4 teachers nominated by the head teacher). The PTA has contributed Rs. 20,000 towards the furniture of the school computer laboratory. They have been active in the development of the School Development Plan (SDP) as well as in attending trainings on school improvement and health education.

³ Refer to Memorandum of Understanding in Annex D.

⁴ For review of Memorandum of Understanding, refer to Annex D.

Benefits Accruing to School/Community due to PPP

The adoption of this school by ITA has yielded a variety of benefits to the school as well as to the community surrounding it⁵. Specific benefits include the following:

Staff Training: The staff has been provided teacher training facilities off site on school improvement and on-site for computer literacy. Materials on early childhood education such as the “pehla taleemi basta”, the new National Curriculum and Guide books as well as supplementary reading materials have been given to the school.

Improvement in Information Technology: Since adoption, the school has been provided with 24 computers as grant, facilitated by ITA. The computer teacher has been hired by ITA and is paid from a fund based on a nominal computer fee (monthly Rs 5 for primary students and Rs 40 for middle and secondary students). The computer laboratory is well-furnished with adequate chairs and computer desks. All students of the schools have an opportunity to become IT literate. There is a curriculum developed for the school along with an assessment system and the class has been integrated in the timetable facilitated by the head teacher and her staff. This is a systematic approach to IT in government schools.

Adult Classes: The government schools are being used optimally in the afternoons for extending literacy and IT literacy support to the local community members. Since adoption, free literacy classes in the evenings for adults from the community have also been arranged. The salary of the literacy teacher is paid by ITA. A two-day literacy teachers’ training has also been conducted in the school premises by ITA.

Besides literacy classes, the school also offers evening computer classes for adults of the community and the fees charged (Rs 300-500 with rebates) is mainly used for the maintenance of computers.

Better access to government channels: One direct benefit to the school due to adoption has been better access to government or FDE planning and budgeting processes. The School’s PTA has jointly developed, with assistance from the National Education Foundation (NEF) and ITA, an Annual School Development Plan which includes plans for construction of new classrooms, a laboratory and a library and there are frequent visits by government and NGO officials to monitor progress towards these development targets.

Community Mobilization: The motivation drive launched by NEF has inculcated a sense of ownership and responsibility in the PTAs, most of whom have supported the upgradation of the schools in their respective communities through financial assistance and devising appropriate ways to solve the school’s problems.

Problems faced by School

According to the head teacher, with a student-teacher ratio of almost 40:1, the school faces a shortage of teachers. She added that the parents are poor and illiterate and take little interest in the academic performance of their children and according to rough estimates only 30% of the parents visit the school on parents’ day. During the Urs (annual festival) at the neighbouring shrine of Bari Imam, the school has to be closed for almost a week and the school premises serve as a police station.

⁵ For details, refer to Adopt A School Programme; Annual Report; National Education Foundation; 2003.

Community Support Rural Programme

Kanwal Community Model School (CMS); Nairola; Islamabad

(Set up by Ms Samina Ali Dad with active support from the National Education Foundation (NEF)).

Interview with the head teacher revealed the following information:

Basic School Information

Date of Establishment: 1998

Reasons for Establishment: The school was established in village Nairola, Islamabad as there was no other primary school within a radius of 1.5 km.

Physical Structure: This initial two-room school, built at a cost of Rs. 45,000 on CDA land, is located in a poor rural neighbourhood. Later, JICA paid for the construction of one more classroom; and more recently, two sheds have been built with assistance from a local English-medium school, the Preparatory School, Islamabad.

Student Enrolment: The school has a total enrolment of 122 students, 52 boys and 70 girls. Each student is charged a lump sum fee of Rs. 20, with no other contributions.

Staff: There are 4 female teachers and 1 male teacher and 1 female support staff. The head teacher and the male teacher are paid a salary of Rs. 1,200 each while the remaining 3 teachers draw a salary of Rs. 1,000 each.

Teachers' Training: Some teachers have been trained at the Preparatory School, Islamabad.

Curriculum and Examinations: The curriculum, textbooks and examinations are the same as those for government schools.

Ownership and Management of the School: The building of the school is owned by the community while the furniture is the property of the NEF. All appointments of teachers and support staff are made by NEF, which also pays their salaries from the school fund. NEF contributes at the rate of Rs. 1,075 per student per year.

Community Education Committee (CEC): The School is advised by a committee of 5 members, comprising the head teacher and 4 parents (fathers).

Benefits Accruing due to Kanwal Community Model School (CMS)

The establishment of Kanwal Community School has led to one major benefit i.e., the access to primary school by the children of a very poor rural community.

Relationship with National Education Foundation: Under the agreement with the National Education Foundation, the school will receive a matching grant from NEF equivalent to the funds it has saved for the past five years. Over the past five years, Kanwal Community School has accumulated a fund of Rs. 240,000. With a matching grant, the school expects to create an endowment of Rs. 480,000, the returns on which will, hopefully, make the school self-sustainable.

Problems faced by School

According to the head teacher, the school has no electricity – its application is being currently processed by CDA. Also, the parents are not cooperative; some children do not even pay the

regular fee. The community, too, resents the recently constructed boundary wall as it hinders their path. In the past, the school management had clashes with the members of the CEC.

Concluding Remarks

Under public-private partnership, the two schools reviewed display positive benefits to the community. Whilst one is a model of partnership at the government school site, the second one is entirely on community's terms with community-based location and other arrangements. The costing for the two models, both trying to address access and quality varies according to the interventions. The first model brings value added and support to improving quality at an existing public sector facility, which is owned by the government and managed by a civil society organization. The second example is owned and managed entirely by the community, with some financial support from the National Education Foundation (NEF), a semi-autonomous body. These costing options need to be fully worked out and factored in the NPA for EFA. There is much work that needs to be undertaken in this area regarding who pays, at what levels and on whose terms? However, while the school being run under an adopt-a-school programme arrangement is better organized with introduction of information technology in the school at all levels and high "spillover benefits" such as adult literacy and computer training for the community in general, the rural community model school seems, at present, to be restricted due to lack of cooperation from the villagers and parents and also its financial sustainability stands in doubt.

It is, however, essential for the government to provide a legal and policy framework as well as a regulatory mechanism for a realistic and sustainable public-private partnership.

SECTION IX

RECOMMENDATIONS

Based on some major issues which have emerged, the Study recommends that a *financing strategy* based on a strong funding partnership between *government, NGOs/private sector and international donors* may be formulated to achieve EFA goals and targets by 2015/16.

More specifically, the study recommends the following:

Public Sector:

- 1) ***More resource generation and higher budgetary allocation to education:*** The major issue in education finance in Pakistan is the low public sector investment. Although education enjoys the highest priority on the social sector agenda, yet allocations are relatively modest due to the intrinsic rigidities (such as resource constraints, large establishment bills due to a large salaried workforce and heavy debt interest repayments) in the financial system of Pakistan, arising from more pressing commitments of the country. In the federal and provincial budgets, public sector allocations to education have steadily declined over the past five years from 2.7% of GDP in 1995-97 to 1.8% of GDP in 2001/02. *It is, therefore, recommended that all efforts should be made to enhance the budgetary allocation to education to 4% of GDP, as suggested in the National Education Policy (1998). In addition, innovative approaches should be designed to generate additional resources for increased funds for the education sector, especially to primary education, adult literacy and early childhood education if Dakar targets have to be met by 2015.*
- 2) ***Higher proportion of development spending in education:*** At present, an extremely high proportion (over 95%) of education budgets at the provincial levels are spent on recurrent heads, particularly on salaries of teaching staff, with negligible proportions i.e., below 5%, remaining for development expenditures due to avoidable delays and budgetary cuts in view of shortfall in resources. *It is recommended that besides improving these procedures, more emphasis should be placed on quality improvements such as teachers' training, curriculum development, assessment systems and overall supervision of delivery of education.*
- 3) ***Efficiency in financial management and revision of outdated procedures:*** Similar to other social services in the public sector, education, too, suffers from inefficient financial management and outdated procedures which have adversely affected the implementation of education programmes and projects. The development projects are prepared by the Ministry/Departments of Education which are approved by the Planning and Development Division / Department (through PDWP, CDWP and ECNEC) but the funds are allocated by the Finance Division (through Priorities Committee, APCC, and NEC). It is not unusual to observe that funds particularly for higher-cost projects are seldom allocated according to the approved phasing due to thin funding. This is mainly due to low budgetary allocation to education, which entails repeated revision of projects based on escalated costs, hampering their implementation. In 2001/02, the

utilization rate in the education sector was low (about 75%) mainly due to delays in release of funds, besides capacity constraints in the sector. *It is strongly recommended that obstacles in management and procedural systems hindering the efficient utilization of allocated resources should be removed through an overhaul of the financial procedures governing release of funds.*

- 4) ***Compilation of Educational Financial Data by Management Information Systems:*** During the course of the preparation of the Finance Study, one major constraint felt was the lack of reliable educational, physical and financial data/information on various educational variables. *It is, therefore, recommended that the scope of provincial and national Education Management Information Systems (EMISs) should be expanded to collect and compile, besides physical and enrolment data, financial information pertaining to school expenditures.*

NGOs/Private Sector:

- 5) ***Higher participation of the NGO and private sectors:*** Though considerable progress has been observed during the past decade in the participation of NGO and private sectors in the field of education, especially primary and university education, but more involvement of NGOs and private organizations would benefit the delivery of educational services . *To facilitate this, the national and provincial education foundations also need to play a more active role in guiding and coordinating NGOs and private organizations in “adopting” public schools and supporting rural community schools to achieve rapid progress in achieving the Dakar goals. Costing and resource implications of these arrangements for the EFA financing gap need to be worked out in greater detail. Also, it is essential for the government to provide a legal and policy framework as well as a regulatory mechanism for a realistic and sustainable public-private partnership.*

International Development Partners

- 5) ***Better efforts to seek required foreign assistance:*** In view of its commitments to the achievement of EFA goals, the Government of Pakistan has developed a National Plan of Action (NPA) on Education for All for the period 2001-2015, supported by the study based on estimates of financial need and availability of resources, incorporating targets, strategies and investment requirements of primary education, adult literacy and early childhood education. The gap in financial resources required to implement this plan is enormous and will, most certainly, have to be met from external assistance. *It is, therefore, recommended that efforts should be made to obtain the required assistance through grants, loans, debt SWAP and/or Fast Tracking Initiative (FTI).*

Summary Matrix of Issues and Recommendations

Issue	Recommendation
<p>1. The major issue in education finance in Pakistan is the low public sector investment. Although education enjoys the highest priority on the social sector agenda, yet allocations are relatively modest due to the intrinsic rigidities (such as resource constraints, large establishment bills due to a large salaried workforce and heavy debt interest repayments) in the financial system of Pakistan, arising from more pressing commitments of the country. Public sector allocations to education have steadily declined over the past five years from 2.7% of GDP in 1995-97 to 1.8% of GDP in 2001/02.</p>	<p><i>It is, therefore, recommended that all efforts should be made to enhance the budgetary allocation to education to 4% of GDP, as suggested in the National Education Policy (1998). In addition, innovative approaches should be designed to generate additional resources for increased funds for the education sector, especially to primary education, adult literacy and early childhood education if Dakar targets have to be met by 2015.</i></p>
<p>2. At present, an extremely high proportion (over 95%) of education budgets at the provincial levels are spent on recurrent heads, particularly on salaries of teaching staff, with negligible proportions i.e., below 5%, remaining for development expenditures due to avoidable delays and budgetary cuts in view of shortfall in resources.</p>	<p><i>It is recommended that besides improving these procedures, more emphasis should be placed on quality improvements such as teachers' training, curriculum development, assessment systems and overall supervision of delivery of education.</i></p>
<p>3. Similar to other social services in the public sector, education, too, suffers from inefficient financial management and outdated procedures which have adversely affected the implementation of education programmes and projects. The development projects are prepared by the Ministry/Departments of Education and approved by the Planning and Development Division (through PDWP, CDWP and ECNEC) but the funds are allocated by the Finance Division (through Priorities' Committee, APCC, and NEC). It is not unusual to observe that funds particularly for high-cost projects are seldom allocated according to the approved phasing resulting in thin funding. This is mainly due to low budgetary allocation to education which entails repeated revision of project estimates based on escalated costs, hampering their implementation. In 2001/02, the utilization rate in the education sector was low (about 75%) mainly due to lags in approval and delays in release of funds, besides capacity constraints in the sector</p>	<p><i>It is strongly recommended that obstacles in management and procedural systems hindering the efficient utilization of allocated resources should be removed through an overhaul of the financial procedures governing release of funds.</i></p>
<p>4. During the course of the preparation of the Finance Study, one major constraint felt was the lack of reliable financial information on various educational variables.</p>	<p><i>It is, therefore, recommended that the scope of provincial and national Education Management Information Systems (EMISs) should be expanded to collect and compile, besides physical and enrolment data, financial information pertaining to school expenditures.</i></p>

<p>5. Though considerable progress has been observed during the past decade in the participation of the NGO and private sectors in the field of education, especially primary and university education, but more involvement of NGOs and private organizations would benefit the delivery of educational services.</p>	<p><i>To facilitate this, the national and provincial education foundations need to play a more active role in guiding and coordinating NGOs and private organizations in “adopting” public schools and supporting rural community schools to achieve rapid progress in achieving the Dakar goals. Costing of such arrangements needs to be worked out in greater detail and its implications for the financing gap of meeting EFA goals up to 2015. Also, it is essential for the government to provide a legal and policy framework as well as a regulatory mechanism for a realistic and sustainable public-private partnership.</i></p>
<p>6. In view of its commitments to the achievement of EFA goals, the Government of Pakistan has developed a National Plan of Action (NPA) on Education for All for the period 2001-2015, supported by a study based on provincial estimates of financial need and availability of resources, incorporating targets, strategies and investment requirements of primary education, adult literacy and early childhood education. The gap in financial resources required to implement this plan is enormous and will, most certainly, have to be met from external assistance</p>	<p><i>It is, therefore, recommended that efforts should be made to obtain the required assistance through grants, loans, debt SWAP and/or Fast Tracking Initiative (FTI).</i></p>

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ANNEX – A

- a. Province-wise, male/female and urban/rural physical and financial estimates for achieving elementary education targets (Pages 54 – 67).**
- b. Province-wise, male/female and urban/rural physical and financial estimates for achieving adult education targets (Pages 68 – 81).**
- c. Province-wise, male/female and urban/rural physical and financial estimates for achieving early childhood education targets (Pages 82 – 95).**
- d. Unit cost estimates of different types of schools / centers (Pages 96 – 101).**
- e. Line plan of a standard model primary school building for 5 class rooms (Page 102).**