

On Our Debit And Credit

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Education is universally considered to be an important tool of change which has a strong correlation with the overall social and economic development of a country. The economy and education of a country affect each other, e.g., a realistic and effective education paves the way for economic development whereas spending on education helps in the growth of human capital. In Pakistan we see a number of problems with financing in Education. These problems range from theoretical misconception to ineffective implementation of the plans.

In this article I shall focus on the financing of education and the related issues. I believe that there are different aspects of this problem which need to be uncovered in order for a better appreciation of the issue. Some of these aspects include; allocation for education in the budget, actual spending, and the way the money is spent. The last two aspects can be covered under the broad heading of governance.

Allocation for Education:

Let us look at the percentage of allocation on education in Pakistan which should give us a picture of our prioritization of Education. In the following table one can see the year-wise percentage of allocated amount for education.

National Education Budget During 1993 – 2001
(Rupees in Million)

Year	Allocation for Education	%age of GDP
1993-94	34,872	2.22
1994-95	44,096	2.34
1995-96	52,643	2.43
1996-97	64,425	2.68
1997-98	64,084	2.32
1998-99	69,926	2.40
1999-00	69,964	2.20
2000-01	72,237	2.06

Source: Ministry of Education

Glancing over the figures given in the table one can see the alarming trend of reduction in the allocation for education. For instance in 1993-4 this percentage was 2.22 and in 2000-01, instead of showing an increase it has fallen down to 2.06. This trend suggests the 'priority' we are giving to the sector of Education.

For a comparative study let us look at the allocations being made for education in the countries in the region. Following table presents a brief summary of allocation made in 1997:

Country	% of GDP
Mongolia	8.5
Maldives	8.1
Iran	5.4

Malaysia	5.1
South Korea	4.2
Thailand	4.0
India	3.7
Sri Lanka	3.1
Nepal	2.9
Afghanistan	2.3
Bangladesh	2.3
Pakistan	2.2

Source: E-9 Conference on Education for All 1997

As is clear from the above table the percentage allocation for education of the total GDP in Pakistan was 2.2. This allocation is less than the amount allocated by other countries in the regions like Bangladesh, Afghanistan, Nepal, Sri Lanka, India, Thailand, Malaysia, Iran, Maldives, and Mongolia. This trend suggests that as we are moving forward with greater education needs, instead of enhancing the spending, we are reducing substantially.

A similar trend is reflected in the following table that is based on the percentage of GNP.

Country/Region	% of GNP (1993-4)	AS % of total government expenditure (1992-4)
India	3.8	11.5
Pakistan	2.7	7.9
Bangladesh	2.3	8.7
Nepal	2.9	13.2
Sri Lanka	3.2	9.4
Bhutan	n/a	8.4
Maldives	8.1	13.6
South Asia	3.5	10.9

In 1993-4 public spending of education was 2.7 % of GNP which is below the average (3.5%) of South Asian Regions. It is interesting to note that the spending on education is perhaps the lowest in South Asian Regions in comparison with spending in other parts of the world. Similarly we spend 7.9% of the total expenditure on education as compared to the average of 17.3 % in the South Asian Regions. These figures suggest that education in our priorities comes at a very low level.

Actual Expenditure:

A usual criticism heard in the educational domain is that the allocated money for education is very small. There can't be two opinions about that. Not only the allocated money is very little as compared to other countries in the region but also there is a declining trend in allocation. So far we have seen a formidably low allocation of funds for primary education. This situation takes a far more serious turn when we come to know that in almost all the plans the actual spending was far less than the allocation. This is quite evident from the following table:

Statement of 1st to 7th plan allocation and expenditure on education in Pakistan

(Rs in million)

Sub-Sector	1 st plan		2 nd plan		3 rd plan		Nonplan period		5 th plan	
	1955-60		1960-65		1965-70		(1970-78)		1978-83	
	Alloc.	Expr.	Alloc.	Expr.	Alloc.	Expr.	Alloc.	Expr.	Alloc.	Expr.
Primary Education	51.40	21.20	78.00	18.80	67.51	24.74	473.93	443.76	3049.70	1413.10
Secondary Education	68.10	44.00	96.40	95.30	294.18	124.50	502.52	541.55	3257.00	1090.10
Teacher Education	23.30	4.90	17.40	17.50	36.01	15.05	109.90	114.01	380.00	290.30
Technical Education	-	-	-	-	-	-	-	-	-	-
College Education	31.80	29.50	17.00	68.30	64.04	64.16	314.81	374.02	767.00	536.60
University Education	48.50	36.50	47.50	58.90	91.95	59.69	334.05	398.78	725.00	687.00
Scholarships	2.60	1.00	18.70	49.10	91.00	76.85	257.74	289.87	430.00	349.60
Literacy and Mass Education	-	-	-	-	-	-	-	-	-	-
Libraries & textbook	-	-	-	-	-	-	-	-	-	-
Miscellaneous	29.80	39.10	137.80	55.24	83.55	61.45	519.54	397.50	287.00	526.10
Sub-total	255.50	176.20	412.80	363.14	728.24	426.44	2512.49	2559.49	8895.70	4892.80
Other divisions	49.43	21.76	77.20	85.65	358.36	154.17	485.65	843.16	1802.3	750.70
Total Education	3043.93	197.96	490.00	448.79	1086.60	580.61	2998.14	3402.65	10698.00	5643.50

(Rs in million)

Sub-Sector	6 th plan		7 th plan		8 th plan		9 th Plan	
	1983-88		1988-93		1993-98		(1988-2003)	
	Alloc.	Expr.	Alloc.	Expr.	Alloc.	Expr.	Alloac.	Exp r.
Primary Education	7000.00	3172.40	10128.00	6399.17	32669.00	23340.37	69860.00	
Secondary Education	4125.00	3231.02	6404.00	5507.31	16521.20	4930.36	33140.00	
Teacher Education	305.00	156.75	287.00	260.26	3360.00	616.93	2000.00	
Technical Education	1315.00	857.95	2000.00	943.17	2447.00	2373.32	5000.00	
College Education	1300.00	991.95	61500.00	1730.54	2507.50	2350.80	2000.00	
University Education	2100.00	1629.70	1800.00	1890.86	4100.00	1727.75	4000.00	
Scholarships	660.00	663.67	760.00	867.12	1400.00	1215.74	15000.00	
Literacy and Mass Education	750.00	724.09	300.00	510.31	1750.00	409.16	1000.00	
Libraries & textbook	455.00	128.32	86.00	26.85	200.00	19.20	300.00	
Miscellaneous	570.00	3663.97	150.00	1216.44	3877.00	1217.85	1000.00	
Sub-total	18580.00	15219.81	22530.00	19345.98	68831.70	38201.50	119800.00	
Other divisions	250.00	1368.20	154.78	880.95	200.00	165.99	200.00	
Total Education	18830.00	16606.01	22684.78	20226.94	69031.70	38367.47	120000.00	

Studying the table we come to know that in the 2nd plan (1960-65) the allocated money for primary education was 78 million rupees where as the actual expenditure for the purpose was 18.80 million rupees which is less than one third of the allocated money. Similarly in the 8th plan (1993-98) the allocated money was 32669.00 million rupees whereas the actual expenditure was 23340.37 million rupees. This trend of spending is far less than the allocated money can be seen in all eight plans. One possible reason for this could be the long bureaucratic channel necessary to draw money. There are, it is said, twenty two steps before you could draw the allocated money.

Actual Utilization:

Having looked at the low allocation and the actual expenditure we now turn to the actual utilization of funds. It is a common feeling that funds are utilized inefficiently without getting the desirable results. Lack of financial resources is just one aspect of the problem; the other aspect of problem is poor governance of financial resources. We have already read the news about the schools which had beautiful buildings and able teachers with a sizeable number of students. The only problem with these

schools, however, was that they existed on paper and not in reality. The interesting part of the story was the regular drawing of salaries by the ghost staff. This is just one example of misappropriation of funds. Many such examples are dispersed here and there of funds which were wasted.

A very glaring example of such mismanagement is that of Iqra surcharge which was introduced in the national budget of 1985. This surcharge, which was worth 5 percent on all imports yielded substantial revenue. The very innovative initiative fell prey to the political motives of the then government. The money accumulated in the name of Iqra surcharge disappeared in a 'mysterious manner' as no body knows about its whereabouts. Nobody has been held responsible for it.

Another disturbing aspect is our less spending on primary education. We (1994-5) allocated 46% of the total expenditure for primary education whereas Bangladesh had allocated 52% for the same purpose. It is important to note that countries who made tremendous economic progress made their base stronger by spending more than 70 percent on primary education. A related issue is that, contrary to many countries in the world, our fees for higher education are very low. For instance countries like Indonesia, South Korea, Nepal, and India have higher fee rates for higher education as compared to Pakistan. The fact of giving subsidies at higher education level and spending less on primary education is hard to understand.

Some suggestions:

There is an urgent need to be realistic about the significance of education in the contemporary world where human capital has become the most important asset for any country. We need to increase allocation for education

The second aspect of the problem mentioned above is the actual expenditure which is always less than the already small allocation. There is a need to reduce the steps and simplify the procedure of drawing funds.

There is a need for an in-built monitoring system. A number of educational projects started with a lot of fan fare but ended without any substantial outcome as there was no in-built monitoring system. Every new project must have an elaborate on-going monitoring system.

There needs to be an effective and equitable accountability system to make sure that people do not get away with misappropriation. One such example is that of the mysterious disappearance of "Iqra Fund". An effective accountability system should make sure the appropriate spending of the allocated amount.

The process of planning needs to be tidied up. Usually the needs are not assessed properly which results into faulty planning.

The educational leadership (Head teachers, principals, education officers) should be trained properly in order to plan and execute different aspects of allocated budgets.

Higher Education fees should be increased and extra income in this regard should be spent on enhancing the quality of education.

The educational institutions should not depend solely on the grants by the government but try to explore some innovative ways to generate resources.