Pakistan: Balochistan Pilot Fellowships

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Abstract

Demand-side financing in Education refers to policy schemes where governments make payments to individuals or institutions that enable children to attend school. Payments are often made directly to the children and their parents in the form of scholarships or stipends, as in the Eduque a la Niña project in Guatemala and the Female Secondary School Assistance Project in Bangladesh, where a small amount of money is provided to girls or to their families to cover the direct and indirect costs of schooling. Payments can also be made directly to schools based on student enrollment.

This study focuses on pilot projects of the latter type, currently being implemented in Balochistan, Pakistan. It describes the characteristics of project design and illustrates the costs and benefits of directly subsidizing the schools in proportion to enrollment as a way of stimulating demand for girls' education. The Balochistan project is especially noteworthy because it is the private/NGO sector, not the state, which has assumed responsibility for delivering primary education services. State financial assistance is channeled to suppliers through voucher-like schemes, or community vouchers.

Preliminary evidence from Balochistan suggests that community vouchers can be an effective policy tool for stimulating educational demand and equalizing opportunity for girls. By changing the way resources are channeled and leveraging local inputs, better quality education can be provided to more students at roughly the same cost.

Background

Despite substantial economic growth, human resource development in Pakistan has lagged well behind other countries at similar stages of development and income levels. Universal education has been Pakistani national policy since the 1950s, but government effort has raised enrollment to only about 60 percent, partly because of a 3.1 percent annual population growth rate (World Bank 1995). Pakistan's gross participation rate of 60 percent in primary education compares poorly with developing countries of similar or lower GNP per capita. For example, Nepal is at 64 percent; Laos, 111 percent; Bangladesh, 70 percent; India, 98 percent and China is at 135 percent (World Bank 1993).

The province of Balochistan encompasses almost half of the land mass of Pakistan yet contains only about 5 percent of the country's 120 million people. Education in this province paints an even more dismal picture, particularly when girls are the focus (Figure 1). While the primary school gross participation rate barely reaches 34 percent in Balochistan, the female participation rate is even lower. At 22 percent, it is among the worst in the world. Only 83,000 Balochistani girls go to elementary school as compared to 324,000 Balochistan boys, roughly 1 girl for every 4 boys (Van Der Gaag 1995). In fact, only 4 percent of its females currently qualify as literate. In rural areas the rate is less than 2 percent (O'Grady 1994).
For many years, primary education was neglected in Balochistan. As many as 3,814 villages have no schools of any kind. Yet it would appear that gender-bias plays a significant role in determining even lower female participation in primary schools. The cultural atmosphere in Pakistan is such that only female teachers can teach girls. Not only are schools in Balochistan segregated by gender, in 1990 there were 11 times as many boys' primary schools as girls'. There were 6,574 boys' schools distributed across 5,405 villages. In contrast there were only 625 girls' schools concentrated in 345 villages (World Bank 1993). Lack of educated girls results in a lack of females eligible to teach, thus forming a vicious cycle.

The Community Support Process (CSP) was initiated in 1990 during the preparation of the World Bank's Balochistan Primary Education Program, with full cooperation from USAID, UNICEF and the Government of Balochistan, to address the particular problem of girl's education in the province. A joint USAID-UNICEF human resources survey revealed that, contrary to accepted lore, more than half of the rural villages in Balochistan wanted a girls' school in their community. In addition, a 1990 census showed that, lacking their own schools, 28,000 Balochistani girls were already attending boys' school, but, in many cases, they were being counted as boys in school registers as sanctioned by local authorities. The Community Support Program links the government and the communities in a partnership that results in new schools for girls staffed by female teachers.
Under CSP, the government would provide training for the teachers, officially appoint them, and pay their salaries. It would also supply instructional materials, establish inspection teams, and provide annual maintenance funds for the school. The community would provide the land and the initial school building and would ensure that the school was secure and operated effectively. It would also monitor teacher and student attendance, check the dropout rate, and monitor progress of the monthly syllabus. Eventually, ownership of the school land would be transferred to the Provincial Education Department.

The community education process has become very popular in rural Balochistan. The results have been encouraging. After just two years, female enrollment rates in the CSP villages was 87 percent, compared with 22 percent in the province as a whole. After three years, there are now 12,769 students enrolled in 273 CSP schools.

However, in some rural areas of Balochistan, the CSP model has been unworkable because of lack of educated females willing to teach. Therefore, while the initial program continues, a pilot fellowship program was established in rural Balochistan as a modified version of CSP. In this pilot, the government decided that instead of paying the teacher salary directly it would provide the funds to the Village Education Committee (VEC) and let the community run the school. At the same time, while the CSP seems to be stimulating demand for education and improving outcomes in rural Balochistan, a similar fellowship program for girls is also being piloted in urban Quetta, the capital of Balochistan. The urban pilot program seeks to induce the private sector to supply high quality, low-cost schools for girls in very poor urban areas. This was done by funneling community block grant to prospective schools through Parent Education Committees (PEC). Both pilot programs are currently funded by the World Bank.

**The Balochistan Rural and Urban Fellowship Pilots**

The Balochistan fellowship program involves two parallel pilots: rural and urban. Government funds are provided to the Village Education Committee in rural areas and to the Parent Education Committee in urban Quetta to establish new girls' schools. In what follows, specific designs are first detailed for each pilot and then their common features are summarized.

**Rural Fellowship Pilot**

The rural fellowship pilot is built around a model that uses government funds to leverage private sector involvement. Communities donate land and buildings and the government provides sufficient funding to pay for teachers' salaries. At the same time, regulations surrounding the transfer are used to target girls, set minimum and maximum class sizes and encourage retention. The rural pilot schools were opened in September 1995. Government subsidies to these schools are scheduled to end in June 1998.

To be eligible for the pilot, villages had to satisfy the following criteria:

- be part of the community support program, but
- not have an established government school;
- have an existing village organization (whether an education committee or other village-based community organization);
- have at least 25 girls, aged 5-10 years

From the sub-set of qualifying villages, 20 were randomly selected from each of the 6 divisions in Balochistan and asked to participate in a modified version of the CSP, the rural pilot fellowship program.
Three other villages were randomly selected from each division to serve as controls. In each division, 10 villages were also selected at random from the portion of the 20 villages which expressed interest in participation. If fewer than ten villages in a division expressed such a desire, then interested villages from the other divisions were randomly assigned to the remaining slots. Village organizations would be assisted in the identification of one teacher acceptable to the village (female or male, according to the standards set by the Education Department, and acceptable to VECs). A minimum of 25 girl students is a prerequisite for starting a village private school for girls.

One uncommon characteristic is the flexibility and discretion that local decision-makers have in allocating these public transfers. The program offers an amount of US$4 for each female student. The target of 25 female students per class provides total grants of $100/month, made available directly to the VEC. The limit of $100/teacher/class is based on the average salary currently paid to teachers by government. Nevertheless, if the VEC wishes to use only a part of that amount for teachers’ salary, and use the balance for repair or maintenance of school premises, or for the purchase of additional educational materials, it is free to do so. Similarly, if the VEC wishes to pay a higher salary or to provide annual salary increases, it may do so using its own resources, or by collecting a suitable fee from the students. In fact, reports from the field indicate that the majority of these communities pay a salary that is less than government pay but is more in line with teacher salaries in the private sector. Some communities, however, choose to pay the teacher a salary that is very close to $100 per month. One cluster of communities decided to pay $120 to try to attract competent male teachers into their schools.

The VEC and the community have the authority to admit boys to the school, although no grants would be provided for the boys. Indeed, it is acceptable for the VEC to charge fees for boys' attendance. If girls are charged a fee beyond $4 scholarship the boys should be charged at least the same or more.

If more than 25, but less than 50 girls attend a one room/one teacher school, no additional scholarship will be made available. However, once the number of girls in a class reaches 40, an additional scholarship stipend of $100 per classroom will be made available if the school establishes an additional classroom and hires at least one additional teacher. In all instances, the maximum pooled scholarship will be $100 per classroom per month.

In addition to the subsidy, the school receives a bonus of $2 per month for every month a girl attends, up to a maximum of $100 per month. This bonus will be paid once per year at the end of the school year. The implementing NGO maintains the attendance record.

If female enrollment falls to 15 students or below for 2 consecutive months, the school will be put on probation for 3 months during which they will be required to provide evidence of minimum enrollment of 25 girls. If the number does not reach at least 15 even after the probation period, then the school will be closed.

Urban Quetta Fellowship Pilot

The Urban Girls' Fellowship in Quetta was launched in February 1994. The pilot is focused on inducing private sector involvement in education delivery in poor pockets within Quetta with no government school. Poor areas of Quetta, the capital city of Balochistan, were mapped and divided into 10 clusters, with a small neighborhood selected in each cluster. In each community, a Parent Education Committee (PEC) was established. The PECs are made up of parents of primary school age children from the neighborhood.

Schools were opened in March 1995 and will receive subsidies until February 1998. The amount of subsidy is sufficient to hire one teacher plus some recurrent costs for every 25 girls aged 5-8 attending school. Subsidies are capped at 100 girls (4 teachers) for any given school years. Schools enrolling fewer than 50 girls aged 5-8 years will receive no money. Schools also may
enroll boys, or they may enroll girls older than eight years, but these children will not count toward the subsidy.

The full subsidy is set at $600/month per school for the first 12 months of the school year (March to February). It is reduced to $540/month for the second school year, and falls to $400 per month in the third year. The subsidy will end after the completion of the third year. Its schedule is as follows:

· 50-74 girls aged 5-8 years and 2 teachers: half subsidy/month
· 75-99 girls aged 5-8 years and 3 teachers: three quarters subsidy/month
· 100 + girls aged 5-8 years and 4 teachers: full subsidy/month

In addition to the monthly subsidy, the schools will receive an annual enrollment grant at the start of each school year. This enrollment grant is to be used for materials, supplies and facilities needed to establish and maintain the school. The amount is $8/girl to a maximum of $800/school in the first year, $8.8/girl up to a maximum of $880/school in the second year, and $9.6/girl up to a maximum of $968/school in the third year. This enrollment grant will be discontinued after the third school year.

Common Features

In both the rural and the urban fellowship programs:

· A single NGO, not the government, is involved in all aspects of delivering education

· The fellowship is provided to the community as a whole, not directly to the girls (serious concern regarding accountability and monitoring of teachers and parents if money were to be given to each parent led to the Government deciding to lump vouchers together into a single amount provided to school)

· The community is empowered to manage its own spending

· New schools are established rather than reforming existing ones

· Schools must hire teachers with no less than a 10th grade education (due to insufficient number of eligible female teachers, this requirement was relaxed to include females with 8th grade pass)

· Schools must provide training to these teachers before the start of the school year

· Class size should be less than 50 students, regardless of gender composition

· Schools have the autonomy to charge a moderate fee to parents (parents still pay about $0.4 per child in rural areas and about $1.2-1.6 in urban areas)

In fact, the actual level of subsidy was raised slightly during implementation. Two main reasons were cited. Since the government did not feel comfortable providing the originally planned package of educational materials to the non-governmental schools, the amount of subsidy was increased slightly to cover the cost of educational material for these schools. Schools receive nothing other than money.
Second, the government insisted that they will only provide the subsidies for a limited period of time (three years). To ensure that the schools will sustain themselves at the end of the pilot, the amount of subsidy was further increased so that both rural and urban schools can put aside a proportion of the grant to maintain an account in a third party fiduciary jointly with the implementing NGO (in rural pilot) or Balochistan Education Foundation (BEF) (in urban Quetta). This saving is required of each participating community and is intended to accumulate an amount of endowment that will provide a monetary cushion to the schools once the government ends the subsidies. To prevent loss of value due to inflation, the account will be held in a foreign currency. This account will be released to the school at the end of the project.

Organizational Structure

Similar lines of organizational structure are followed in the rural and urban fellowship pilots. In both cases, the local educational committees are responsible for contracting a private operator or NGO to establish and run the school. Committees have the autonomy to set fee structures and authority to hire and fire teachers. The typical committee has 5 or 6 members and consists of parents who have children in school and who are elected by 75 percent of parents in the village. No member may be related to another member or to the teacher.

Rural Fellowship Pilot

In the rural pilot, a single NGO acts as an umbrella organization to implement the scholarship program to run for up to 46 months in all the participating villages. The implementing or field NGO, contracted by the umbrella NGO, is directly involved in working with the Village Education Committee.

The umbrella NGO is responsible for sub-contracting the technical implementation to a maximum of four implementing NGOs in Balochistan. It makes payments to sub-contractors and disburses scholarship funds directly to VEC accounts or to the NGOs who will then transfer those funds to VEC bank accounts. The umbrella NGO also oversees and monitors the financial implementation provided by the field NGOs on a regular basis.

The implementing or field NGOs employ social/education promoters at field level to promote the scholarship program. It motivates and assists the village education committee. It also serves as technical assistance and provides teacher training, facilitates the disbursement of the scholarship funds. A census of households in the targeted villages is conducted by field NGOs as well. In addition, it maintains a monthly attendance register and monthly spot check of all participating schools, reviews the financial statements of the VEC, and maintains an account in a third party fiduciary jointly with each VEC.

The Village Education Committee (VEC) is responsible for identifying a teacher and a minimum of 25 female students. It then contracts with the implementing NGO and applies to receive the scholarship. Finally it manages the day-to-day running of the school.

Urban Fellowship Pilot

A similar administrative structure is followed in the urban fellowship pilot. While the Balochistan Primary Education Directorate and the Balochistan Education Foundation select areas in Quetta for school sites, register schools and provide technical assistance, it is the Parent Education Committees that have assumed full responsibility for running the schools.
The Balochistan Primary Education Directorate selected the 10 areas in which schools will be established, registered schools that meet quality standards, and provided technical assistance to the BEF. It also collects and processes data needed for program evaluation.

The Balochistan Education Foundation ensures that school operators are qualified and releases funds to the schools and the NGO. It also provides technical assistance on school planning and financial management and monitors the activities of the NGO and the school operator. Finally, it audits the books of the school, evaluates the success of the program and its potential for expansion to other municipal areas in Balochistan, and assists the fund raising efforts of the schools.

The Community Support NGO promotes the program in the neighborhood. It helps create a Parent's Education Committee, monitors student enrollment and attendance, and collects household data in the target area to be used in program evaluation.

The School Operator will establish and maintain a school in close collaboration with the community.

The Parent Education Committee (PEC) is responsible for preparing school proposals and assisting the operator in the establishment and maintenance of the school. It also approves the renewal of the school contracts with the BEF, sets fee structures, and hires teachers.

Cost

Estimated cost of the Balochistan fellowship pilots was supplied by operational staff of the World Bank. The cost information refers only to the part of cost directly born by the government, not including the cost of the resources and labor contributed by the communities themselves. Therefore, the total cost is likely to be underestimated.

Table 1: Rural Schools Contract Cost Estimates (for 10 schools in one division) (in US$ )

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Scholarships</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Teacher/school subsidy</td>
<td>12,000</td>
<td>12,000</td>
<td>12,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Attendance bonus</td>
<td>12,000</td>
<td>12,000</td>
<td>12,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Instruction materials</td>
<td>8,000</td>
<td>8,800</td>
<td>9,680</td>
<td>9,680</td>
</tr>
<tr>
<td>Personnel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education promoters/monitors</td>
<td>6,200</td>
<td>3,400</td>
<td>3,720</td>
<td>4,080</td>
</tr>
<tr>
<td>Driver</td>
<td>1,880</td>
<td>2,040</td>
<td>2,280</td>
<td>2,480</td>
</tr>
<tr>
<td>Administrative support</td>
<td>1,400</td>
<td>1,520</td>
<td>1,680</td>
<td>1,840</td>
</tr>
<tr>
<td>Trainer</td>
<td>680</td>
<td>600</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Materials</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training materials</td>
<td>40</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Refresher training</td>
<td>400</td>
<td>600</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Computer</td>
<td>3,600</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Number of schools</td>
<td>10 Schools in 1 division</td>
<td>30 schools in 3 divisions</td>
<td>60 schools in 6 division</td>
<td></td>
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<tr>
<td>---------------------------</td>
<td>--------------------------</td>
<td>----------------------------</td>
<td>--------------------------</td>
<td></td>
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<tr>
<td>Total Cost (in US$)</td>
<td>48,640</td>
<td>145,920</td>
<td>291,840</td>
<td></td>
</tr>
</tbody>
</table>

Note: Numbers may not add up due to rounding

### Table 3: Proposed Budget for the Urban Girls’ Private School Pilot Project (in US$)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>School Subsidy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enrollment fee</td>
<td>8,000</td>
<td>8,800</td>
<td>9,680</td>
<td>0</td>
</tr>
<tr>
<td>Monthly subsidy</td>
<td>24,000</td>
<td>69,600</td>
<td>59,200</td>
<td>32,000</td>
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<tr>
<td>Balochistan Education Foundation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Assistants</td>
<td>3,840</td>
<td>4,200</td>
<td>4,640</td>
<td>5,080</td>
</tr>
<tr>
<td>Supplies</td>
<td>4,860</td>
<td>5,280</td>
<td>5,800</td>
<td>6,360</td>
</tr>
<tr>
<td>Community Support NGO</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion Staff</td>
<td>18,000</td>
<td>11,800</td>
<td>10,160</td>
<td>4,760</td>
</tr>
<tr>
<td>Drivers</td>
<td>3,840</td>
<td>2,080</td>
<td>1,520</td>
<td>600</td>
</tr>
<tr>
<td>Maintenance</td>
<td>3,840</td>
<td>2,080</td>
<td>1,520</td>
<td>600</td>
</tr>
<tr>
<td>Supplies</td>
<td>960</td>
<td>520</td>
<td>360</td>
<td>160</td>
</tr>
<tr>
<td>Overhead (25 percent)</td>
<td>6,640</td>
<td>4120</td>
<td>3,400</td>
<td>1,560</td>
</tr>
<tr>
<td>Primary Education Directorate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Collection technical assistance</td>
<td>3,800</td>
<td>4,640</td>
<td>5,080</td>
<td>0</td>
</tr>
<tr>
<td>Two vehicles to be lent to the NGO</td>
<td>30,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>107,760</strong></td>
<td><strong>112,880</strong></td>
<td><strong>101,040</strong></td>
<td><strong>56,360</strong></td>
</tr>
</tbody>
</table>

Note: Numbers may not add up due to rounding
Table 2 indicates that the direct cost of establishing 30 rural schools in 3 of the Balochistan divisions cost approximately US$ 0.14 million in the first year of implementation. With the enrollment of 1,570 students, the unit cost for the rural pilot is about US$92. Table 3 shows that the 10 urban schools cost about US$ 0.11 million for the first year alone enrolling a total of 1,790 students. The unit cost for urban pilot is estimated to be US$60. Therefore, the Balochistan rural/urban fellowship pilot cost the government approximately US$60-90 per student in the first year. The much higher unit cost of the rural pilot stems from the generally smaller school size in rural areas. As enrollment further expands, the unit cost is expected to drop. These unit costs compare similarly to the average per pupil expenditure in government schools. Data from Lahore, the Capital of Punjab Province suggests that government primary schools spend about US$60 per student per year. However, as the level of subsidy decrease, the project will incur even lower unit cost from government side.

Table 4: Project Unit Cost in 1994 (in US$).

<table>
<thead>
<tr>
<th></th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Cost</td>
<td>92</td>
<td>60</td>
</tr>
</tbody>
</table>

Impact

It is still early in the life of the project for a full impact assessment. The Balochistan Education Management Information System (BEMIS) is responsible for collecting baseline and ongoing data on schools and neighborhoods, both in participating communities and the control communities, for close monitoring and evaluation of the programs. The data collected so far is being analyzed by the implementing human resources country division of the World Bank. There has not been any external evaluation. This section and the latter evaluation should therefore be considered only tentative as comments are based entirely on World Bank documents and interviews with key personnel.

Urban Fellowship Pilot

In each target area of urban Quetta a school has been created in response to the program. Using the baseline dataset -- describing the situation before the fellowship was launched -- and the register data and reports from the schools regarding attendance, achievement and conduct of the PEC, Thomas (1996) depicts a picture of the impact of the urban fellowship program. Currently 12 new private schools are now operating in Quetta with 55 female teachers, educating 1,790 pupils (70 percent girls), of whom 1,070 (84 percent girls) are from the target areas (Table 5). Also, 660 of these (85 percent girls) were not previously in the education system. This means that there was some substitution of previously enrolled students into the fellowship program. About one third of these transfer students came from the government schools (Thomas 1996). If the new private school is perceived as an improvement in educational quality, such substitution will not be considered as "pure". In particular, since the target neighborhoods were not served by a government school, these girls must have been traveling to another neighborhood or attending a boys' school, neither of which is optimal for many parents.

Table 5: Enrollment in Urban Quetta Fellowship Schools

<table>
<thead>
<tr>
<th></th>
<th>From target areas</th>
<th>From other areas</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Girls</td>
<td>896</td>
<td>351</td>
<td>1,247</td>
</tr>
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</table>
There is also evidence that the urban program has been successful in reaching girls of poorer families in the communities. If an educated father is taken to be an indicator of the family's wealth, the fellowship children are found to come on average from less wealthy backgrounds than children enrolled before the fellowship was launched (Thomas 1996). Further evaluation needs to compare children who are currently enrolled to those who are not. Since a school fee is charged in the fellowship programs to the parents, it is very likely that children enrolled will on average have higher family income than those who are not enrolled yet.

In these newly established urban schools, private suppliers were available to provide the educational services required by the communities. BEF is fulfilling its obligations to monitor attendance. Because of the strong demand expressed, it is now expanding the fellowship component to three other neighborhoods in Quetta. Further, the implementing NGO, the Society for Community Support for Primary Education in Balochistan, has begun promotional activities for the development of urban private schools in other cities including Gwadar, Pishin, Naseerabad and Zhob. The target was to establish three schools in each city.

**Rural Fellowship Pilot**

Less evaluation work has been done in the rural areas. So far 30 schools have been opened in 3 out of 6 divisions in Balochistan: Noushki, Gwadar and Jiwani. These schools have enrolled 1,570 children (5 percent boys and 97 percent girls), the majority of which are girls who would have been denied access to school without the fellowship program. Some schools have asked for an increase in the subsidy because they have over 100 children and want a third teacher. There are no plans, at present, to expand the program.

In short, the very fact that 42 rural and urban schools have been opened and are functioning is itself a manifestation of success. The program has been able to establish new schools and meet the target enrollment. The fellowship pilots have succeeded at the short term goal of mobilizing private sector activity in poor areas, meeting enrollment targets.

However, in practice, monitoring the success of the schools has not proved to be easy. Evaluation work is further complicated by the fact that many communities seem to have admitted girls from outside the target area. This compromises the government and the donors' ability to monitor the program fully. Such leakage is, however, difficult to prevent. Families move and boundaries are not always as well defined in the minds of residents as in the minds of field workers.

Ultimately, the impact of the pilots will be determined by comparison with the control communities over the same period. One must estimate how many of the girls, especially the young ones, would have gone to another school anyway, had the program not existed. This comparison is yet to be made, since the project is still in its relatively early stages.

**Evaluation**
Based on World Bank documents and accounts from key officials, the Balochistan experience demonstrates that the provision of education services through private/NGO providers can be a cost-effective strategy from the government point of view. Resources equivalent to one government primary teacher ($100 per month) are transferred to a poor community on the understanding that at least 25 girls will be enrolled. The local community complements the government subsidy by contributing resources to construct, maintain and pay for other non-teaching costs. To educate the same 25 girls in a government school, the government would have to pay not only the same teacher salary, but also construction, maintenance and other non-teaching salaries. Therefore, the level of government expenditure involved is less than government schools to achieve the same goals.

This suggests that, if the pilot programs prove to be sustainable and achieve the expected goals, future programs may not necessarily have to be financed entirely by government or donor funds.

Further, neither the government nor the World Bank are involved in the details of the bilateral contract that is signed between the community and the contractor. The contractual details including fee structure, how children were selected for the scholarships and whether the school would accept boys or children from outside the neighborhood are left to the community. Teachers are hired directly by the community and can be fired if they are not performing adequately. Thus they are held accountable to the schools. The accountability of the teachers to students and community at large ensure that the education outcomes under private/NGO programs (including those subsidized by the government) are better than those in government schools, so that unit costs may be even lower and cost-effectiveness greater.

This approach fits the decentralization framework advocated by Hanushek (1995), also outlined in the World Bank's sector review, Priorities and Strategies for Education, which posits that incentives, decentralized decision-making and evaluation are more likely to yield an efficient education system than focusing on traditional approaches such as providing more inputs.

Despite a strategy that is promising overall, some details of program design may need to be further evaluated. For instance, the two pilot programs are based on the implicit assumption that girls are discriminated against in the Balochistan primary education system. While this is certainly true in enrollment since the attitude toward females is such that girls are much less likely to be sent to school than boys, the picture may change after enrollment. A recent study in Karachi, Pakistan found that once a girl begins schooling, the conditional probability of her being withdrawn at different stages of schooling before matriculation is actually lower than that of a boy, probably because of higher opportunity cost for boys of that age (Akhtar 1996). A distinction may need to be made between the probability of enrolling a girl in the first place and the probability that she will drop out after enrollment. The low female enrollment in primary schools justifies the need to establish schools in the name of girls. The question is whether there is a need for incentives to keep girls in school once schools for them have been built. The particular design which mandates that boys be charged at higher fees than girls needs to be reevaluated.

**Fiscal Impact**

Pakistan spends less than 3 percent of GDP on education, compared with an average of more than 4 percent in other South Asian countries, and 5 percent for developing countries as a whole. In Balochistan, educational spending similarly has remained low. In 1992, 17 percent of Government of Balochistan public expenditure went to education and 9.6 percent to primary education. This amounts to a total of US$47 million in educational budget and US$25 million in the primary education budget in 1992.
Table 6 tabulates the fiscal impact of the two pilot programs on the government budget. In the first year of program implementation, with the total enrollment of approximately 4,800 students, the two pilots together cost approximately 0.8 percent of the total education budget and 1.3 percent of the primary education budget in Balochistan. As the level of subsidy gradually decreases, it is expected that the fiscal impact on government budget will further decrease. At the final year of implementation, the two pilot programs will only constitute about 0.4 percent of the total education budget and 0.7 percent of the primary budget. After the program, if the government decides to completely eliminate the subsidies and let the communities generate their own revenue, there will be no further allocation of government resources.

Table 6: Impact of Balochistan Rural/Urban Pilots on Government Budgets
(estimated for establishing 60 rural and 10 urban schools)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Pilot Cost</td>
<td>0.29</td>
<td>0.26</td>
<td>0.26</td>
<td>0.27</td>
</tr>
<tr>
<td>Urban Pilot Cost</td>
<td>0.11</td>
<td>0.11</td>
<td>0.10</td>
<td>0.06</td>
</tr>
<tr>
<td>GOB Ed. Budget</td>
<td>53.0</td>
<td>59.0</td>
<td>66.0</td>
<td>74.0</td>
</tr>
<tr>
<td>GOB Primary Budget</td>
<td>30.0</td>
<td>36.0</td>
<td>42.0</td>
<td>49.0</td>
</tr>
<tr>
<td>Program Impact ( percent) on</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education Budget</td>
<td>0.8</td>
<td>0.6</td>
<td>0.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Primary Budget</td>
<td>1.3</td>
<td>1.0</td>
<td>0.9</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Note: The government budgets are estimated from the 1992-93 budget based on the growth rates of 12 percent for education budget and 17 percent for primary budget from FY84-92.

Sustainability

Various reports and accounts indicate that the rural and urban pilot projects can be sustained, both in the sense of sufficient financial resources to keep the schools running and in the sense of community enthusiasm in and demand for girls’ education.

Financial Sustainability

On the financial side, the sustainability can be illustrated by the rural project. The rural scholarship program is expected to last at least 46 months from its inception in September 1995 through June 1998, during which period the government is allocating the promised subsidies or vouchers to each school. Further, because of the saving mechanism built into the program, which requires that the VEC put aside a proportion of the grant every month to a joint account between the implementing NGO and the VEC, at the end of subsidy the VEC is expected to be left with an endowment. This endowment, plus the subsequent fees charged to the parents, are expected to keep the school running.

The following table is supposed to illustrate an ideal sustainable rural school. School A has an enrollment of 40 girls. Every month, the school is paid $100 in subsidy and another $2 for every attending girl ($80). Therefore school revenue = $100 + 40*$2 + 40 * fee. The teacher is assumed to be paid $60 initially and the salary is assumed to increase at 10 percent per year. Parents are assumed to pay a very small tuition initially, but this increases as teacher costs rise.
Table 7: An Example of a Sustainable Rural School

<table>
<thead>
<tr>
<th></th>
<th>Scholarship</th>
<th>Fee</th>
<th>Bonus</th>
<th>Revenue</th>
<th>Salary</th>
<th>Net Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$100</td>
<td>$16</td>
<td>$80</td>
<td>$196</td>
<td>$60</td>
<td>$136</td>
</tr>
<tr>
<td>Year 2</td>
<td>$100</td>
<td>$24</td>
<td>$80</td>
<td>$204</td>
<td>$66</td>
<td>$138</td>
</tr>
<tr>
<td>Year 3</td>
<td>$100</td>
<td>$32</td>
<td>$80</td>
<td>$212</td>
<td>$72</td>
<td>$139</td>
</tr>
<tr>
<td>Year 4</td>
<td>$100</td>
<td>$32</td>
<td>$80</td>
<td>$212</td>
<td>$80</td>
<td>$132</td>
</tr>
</tbody>
</table>

Note: Assuming 40 students enrolled

Table 7 Continued

<table>
<thead>
<tr>
<th></th>
<th>Scholarship</th>
<th>Fee</th>
<th>Annuity</th>
<th>Revenue</th>
<th>Salary</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 5</td>
<td>0</td>
<td>$40</td>
<td>$55</td>
<td>$95</td>
<td>$88</td>
<td>$7</td>
</tr>
</tbody>
</table>

Source: World Bank 1995

If the local communities maintain enough savings, the balance at the end of year 4 will allow an annuity of $55 per month. For year 5 on, the school balance sheet will be:

From year 5 on, the schools are expected to raise their own funds through increased student fees or other contributions from the community. However, what is painted above is a rosy picture of what one would like to happen but may not occur in reality. There are at least two obvious obstacles that may hamper program sustainability: insufficient savings and unwilling parents.

First, the communities may not build sufficient savings. There is already some preliminary evidence from the field that the VECs and PECs, though they started saving, but at lower levels than needed to build up a substantial endowment. Second, parents may not be willing to pay an increased fee. Table 7 seems to project that not only parental fees will increase in the future, but also the real value of scholarship will decline over time as salary, revenue, annuity and fee are all adjusted for inflation, but not the scholarship. Yet there is no evidence of what impact an increase in school fees and a decline in scholarship amount will have on parents’ willingness to send their daughters to school. There exists a possibility the required school fee will go beyond the ability of poor parents.

Community Involvement

On the community enthusiasm and demand side, it is hoped that parental involvement in the school activities will build up a sense of ownership within the community. The parental fees are expected to trigger other parental contributions and force them to think hard about the kind of education they are getting for their girls. Whenever something goes wrong, the communities are
expected to try to help or ask for help themselves. This mechanism is hoped to catalyze effective solutions which would not have been thought of by the government if it were in charge.

Interviews confirm that many Balochistan communities, despite being poor and located in remote areas, understand the program and express a great deal of enthusiasm for it. Some villages that were unable to find qualified female teachers, yet also unwilling to miss the chance of educating their girls, elected to staff their new girls' school with a male teacher. This challenges the long held notion that the communities are not willing to hire male teachers. Also in many communities schools have evidenced their enthusiasm by expressing their interest in upgrading their schools to the middle-level.

Further observations from individual villagers illustrate that they recognize the value of devolving monitoring and involvement to the village:

*It is better for the Government to give the village education committee the money directly. They will choose better. We trust them because they belong to this village. They can not use the money for other things. The kids belong to this community, so they do better for the kids.*

*We watch this school. When we see any problem we make a report...This system is the best: people here know more about the education in this school than people in Quetta or Islamabad. People monitor the school and develop the school.*

Source: World Bank 1995

However, in another instance, one politician saw this opportunity and united several communities into a federation of schools. This incident could be seen as a signal of warning for future program designs. An interest group could thus be formed and gain enough momentum of its own. Politically-organized clusters of communities can possibly be envisioned to apply for permanent subsidies or grants from the government, thus pushing the pilot programs into a more centralized system. Such solutions, which were not expected by the government and the donor, will likely come up as the program goes on. What may have been envisioned as a plan to develop a decentralized system that relies largely on private sector contributions and local parental involvement may in fact be engendering interest groups that will pressure the central government to continue the subsidies indefinitely or even to increase the government's share.

Conclusions

In the past, basic education in Pakistan was caught up in a vicious cycle of low quality and low parental demand. The Balochistan experiments, awaiting further evaluation results, suggest that significant community involvement could have great potential to make public programs in Pakistan more effective and the use of public resources more efficient.

Reforms and new ideas alike, while providing powerful solutions to one set of problems, usually bring with them a whole new set of problems. The Balochistan rural and urban fellowship schemes encouraged the establishment of new schools and gave the local communities autonomy in running them. Yet at the same time, several important issues with both short-term and long-term social implications have come out. These issues, including equity, quality, capacity-building, future direction and generalizability, need to be carefully addressed for any future replication and expansion of the program.

**Equity**
Equality becomes a salient issue. While the government schools are providing free primary education to relatively better off students in more urban areas, the poor students from rural remote areas are paying a fee, however modest, in order to get an education. The sustainability of these schools requires a gradual increase in parental fees, which are assumed to be absorbable by the parents with no impact on the enrollment decision. But how much can these poor parents pay? More importantly, how much are they willing to pay for their daughter's education? Should the Government policy force poor parents to shoulder a greater financial burden to educate their children than richer ones? This question is all the more acute since it is precisely the poorest families that government seeks to help most. Furthermore, even these newly established schools are not serving the poorest among the poor, who can not even afford such a nominal fee.

Quality

While coverage is increased substantially, the issue of quality is yet to be resolved. The projected teacher salaries are only about two thirds of a government teacher's. Are they sufficient enough to attract a well qualified teaching force in these communities?

Also, the government schools are a bad benchmark against which to measure the success of the newly established community schools since low inefficiency and poor quality are endemic among the government schools. There is a need to set higher standards.

Capacity Building

There has been evidence that in some communities the Village Education Committees are hard pressed to perform all their responsibilities. They lack management and accounting skills. All have begun saving, but at lower levels than needed to build up a substantial endowment. After one year, the average saving is $3,638 (World Bank 1995). Some schools have inadequate buildings and some with male teachers have attendance problems. Schools in Gwadar and Mastung have had teacher turnover problems because of the long commutes. Further training of the Village Education Committees in rural areas and Parent Education Committees in urban areas is essential to ensure the viability of these newly established schools.

What Next?

At this moment, nothing seems wrong because incentives are given. An important issue to contemplate is that whether at the end of the pilot projects the government should discontinue the financing, or alternatively a permanent subsidy should be subscribed. Permanent subsidies at the end of the pilot may enhance the sustainability of schools in poor areas and should be brought into the discussion. Should the government decide to maintain the subsidy policy, then the question becomes at what level the schools would be subsidized. Also, care should be taken that the administration of subsidies not engender interest groups that will demand ever-greater contributions from the government. Careful monitoring and evaluation of the pilot program will be able to provide some answers to these questions.

Generalizability

Caution needs to be exercised while contemplating further expansion of the program. Although early evidence from Balochistan seems promising, the process may not easily be replicated in all rural communities. The absence of qualified female teachers and the community unwillingness to form a village education committee and establish a school in some communities will be the two main obstacles for further expansion of the pilot programs. The following observation from rural Punjab describes a community resistant on cultural grounds to the education of girls:
Many families do not send their girls to school in this community and would rather save the money for her dowry. Girls are married off early in the villages here, especially among the “low caste” groups. Most girls earn their dowry by working on the fields. There are also some orthodox Muslim families (Wahabis) who do not send their girls to school and are of the view that education spoils the character of girls (“educated girls write love letters”). Not a single female from their families is educated.

Source: World Bank 1995

References


O'Grady, Barbara. 1994. "Teaching Communities to Educate Girls in Balochistan". Academy for Educational Development.


See also Can Cultural Barriers Be Overcome in Girls' Schooling? The Community Support Program in Rural Balochistan