

SUSTAINABLE EDUCATION SYSTEMS FOR THE UNFORTUNATE IN SOUTH SULAWESI

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Abstract: The aim of this paper was (1) to explain some basic issues faced by the education policy makers in South Sulawesi, including the introduction of school fees and the private provision of schools; (2) to outline the relation between planning and budgeting for the educational policy objectives on the one hand and the economic planning and management of resources on the other; (3) to discuss the influence of this policy for the unfortunate in obtaining education. This study was carried in South Sulawesi. A descriptive approach was used in this study. The data were collected through library research and observation. The obtained data were then analyzed and presented descriptively. The results show that the available approach is not adequate to accommodate and to provide the opportunity of education for the unfortunate in South Sulawesi. The full or partial replacement of annual incremental planning and budgeting systems were still less appropriate to current problems. Reforms should also take full account of the need to strengthen a potentially beneficial relationship between the state and the private sectors.

Keywords: education system, educational policy, the unfortunate.

The educational stagnation has long been recognized, as has the necessity of finding ways of using the existing resources more efficiently and of augmenting total resources allocated to education derived both from tax revenues and 'private' contributions. There is a considerable body of literature which sets out the appropriate policy targets, but severe problems remain (Coombs, 1989.).

There has been insufficient attention paid to how policy advice is implemented, and one of the weakest - if not the weakest - link in the chain of implementation is the relation between planning and budgeting, including how budgets are made.

Although the individual citizen's 'rights' to education is now universally accepted, and although governments are obliged to respond to the 'social demand' of their populations for education, it cannot be denied that the provision of education services absorbing real resources are limited at any given time.

There has been a tendency to put broad educational policy objectives on the one hand and the economic planning and management of resources on the other into two separate compartments, so that while there is no shortage of analysis of what needs to be done, the means of achieving the given objectives are often unspecified. This has led to unfortunate and self-defeating tensions between those who pro-

pose policies in international financing agencies and in governments, and those who must manage the implementation of these policies (Watson, 2000).

From the above explanation, the formulation of this paper problem are follow: What are the basic issues faced by the education policy makers in South Sulawesi? What is the relation between planning and budgeting for the educational policy objectives on the one hand and the economic planning and management of resources on the other? How does the influence of this policy to the unfortunate in obtaining education?

THE SUSTAINABLE EDUCATION SYSTEMS

As mentioned before, this paper explores this problem and some of the solutions proposed to overcome it, with particular reference to the Province of South Sulawesi, although many of the observations and approaches are equally applicable to other provinces. In this respect, governments have a crucial role to play in the process of change.

Reforms should also take full account of the need to strengthen a potentially beneficial relationship between the state and the private sectors. With these improvements, better use can be made from the external assistance. The objective of the suggested changes is to enable provinces to use their limited

resources better and avoid stop-go educational development policies in order to achieve the capability of providing education which are both sustainable and affordable (Zymelman, 1997).

There are a number of factors which influence the planning and financing of sustainable education system. The factors include (a) demographic factors, (b) national economic performance, including the structure of the economy, degree of industrialization and rural/urban economic activity, unemployment, the distribution of income, etc. (c) external assistance and public debt, (d) advisers and external 'models'.

Demographic Factors

The growth of population in most South Sulawesi Province has resulted in an accelerating demand for basic education, and, as a natural consequence, for higher levels of education. In general, this growing demand has exceeded the growth rate of resources available to satisfy it.

As local statistic office reported that ratio of the 0-14 age groups to the 15-64 age groups had low income, this is predicted to fall (from an average of about 40-50 per cent in 1989 to 30 to 40 per cent by 2025). This report, implies an increase in the size of the population of working age. The ratio of taxpayers to non-taxpayers is likely to remain much lower than that found in developed provinces for some time to come, while the structures of the growing education services in this province which are mainly financed out of tax revenues are arguably comparable to other provinces in Indonesia.

Domestic Economies

The level of industrialization in this Province is an important aspect of the nature of the relationship between education and training systems and the employment markets. In this sense 'levels' of industrialization refer to a continuum with preindustrial at the one end, moving through light and heavy industry to high technology industry at the other end. For example, Korea with high and growing quality control in industry requires a very different approach and education content from country with negligible industry and little drive for quality control. Provinces dominated by low skilled rural employment differ from those with high skilled urban employment. Provinces where school and university leavers are likely to be employed within a reasonable time after graduation have very different relations in terms of education systems and labour markets from those with high rates of unemployment.

At all levels of development trainability is a prized factor among employers, but in more industrialized, basic school education and trainability are extremely important; without these attributes, new entrants to the labour force can quickly become marginalised. In pre-industrial provinces marginalization may take place irrespective of education and training simply because of insufficient employment opportunities in relation to the number of qualified applicants.

The issue of job creation is crucial. Increased public investment in the expansion of education systems may mean less resources devoted to job creation. Provinces have demonstrated the strong potential role of governments in this area. Expansion of education in economies with restricted employment opportunities may not always be the most appropriate use of government resources. Industrial growth in South Sulawesi will be limited, while formal education will play a direct part in this growth. This role will also be significant in terms of indirect influences such as on the redistribution of income and as a base for specialized training. Although some insist that the state should not play a direct part in providing finance for the training, some experiences from Asian provinces suggests that there is a need for the state to do so.

External Assistance and Public Debt

The province of South Sulawesi has recently experienced a decline in its economies suffered from falling or stagnant tax revenues. Therefore this province has a decreasing ability to provide additional public domestic finance for growing public services. In order to support the increased claims on public spending, in some provinces, foreign aid has assumed such significant proportions that education systems are largely supported by it. The data show the volumes of external aid supporting education systems, which may be proportionally larger than in other sectors, and also show the varying applications of aid within different parts of education systems.

Donors have put considerable pressure on South Sulawesi Province to accept financial and technical assistance to develop their education systems. Yet the relation between external funding and domestic capacity to pick up the resultant capital repayment and interest costs as well as the associated recurrent and capital replacement costs has consistently been ignored, or if not ignored, I can assume that economic growth will take care of the problem. There have been many attempts to quantify the finance gaps, from the millions of dollars needed in the 1960s to

reach 'take-off' to the UNICEF attempt to show how much is needed to provide basic education for all. In this case, that the combination of the extension of education provision and other externally financed investments will accelerate growth and development and also fulfill basic requirements and entitlements is justified on the moral grounds. However, whatever the longer term effects are, the expansion of education systems has demanded a rapidly growing share of fiscal resources while tax revenues cannot keep pace with the increased demands.

The decline in the quality of public provision has meant that it is no longer possible to take indices such as examination results and enrolment rates as indicators of returns to this public investment. For example, a common structure of an education system is a primary-secondary-tertiary cycle which may cover years altogether. If a six year primary education cycle is characterized by illiterate school leavers, it must be concluded that there is something inappropriate about such a system. If schools lack books, equipment and decent buildings and furniture, the reasons for their very existence is in question.

The government of South Sulawesi seems to have had little real confidence that they could make sufficient resources available. There should by now be sufficient experience to realize that these targets are not attainable, and, more importantly, that trying to attain them through heavy dosage of foreign aid leaves major problems of sustainability. The amount of public finance available for spending on education has been severely affected by the volume of the interest costs of government debt which have the first claim on fiscal revenues. However, over the period of adjustment in many regencies, the volume of government expenditure has risen slowly in real terms (Bappeda, 2003).

Social sector spending has also risen but because of the requirement on governments to service debts, the rate of increase of public expenditure is limited. The significance of the combined influences on education of the growth and distribution of population, recession, and rising interest payments, has not only reduced the extent to which tax derived from public expenditures can support the growing demand for services, but also affected the availability of private finance, that is, the total resources available.

On the government side, the debt burden combined with population growth has rendered many governments' attempts to cope with the social sectors a Sisyphean task. One of the difficulties which face policy makers and sectoral aid donors in South Sulawesi in the near term is how to judge the debt problem. Much foreign aid would be unnecessary

were debt to be cancelled because it would allow more domestic finance to be reallocated for education.

On the private side, as public sector provision functioned as economic capacity, households are forced to contribute more of their own resources through fees and other types of tax, though in many cases there may be very little surplus in the household budgets.

Advisers and External 'Models'

Educators from this province have generally accepted that education systems may develop through 'stages', and that these 'stages' reflect the capacity of a country to provide a reasonable quality of education to its citizens within its resource constraints. Social factors in many regencies have been the role of foreign advisers whose advice has been supported by large sums of foreign aid. Their influence has been compounded by the demonstration effects of the education systems of some provinces.

There has over the years been a tendency to promote the expansion of education systems by making them more complex and 'modern' without concomitant attention to assessment reform. This is analogous to the heavy promotion of better seed varieties and husbandry practices for peasant farmers while ignoring the issues of crop pricing and marketing.

COSTS, DATA, AND RESOURCES

It is important to distinguish between educational expenditures and educational costs, and to relate them both to a given product. Analysis of education systems can be misleading because of the failure to make this distinction. This is exacerbated by the inadequacies of data. Therefore it is most important that they are made on as full an information base as possible. The purpose of this section is to define briefly the appropriate terms for subsequent analysis.

Education Costs

While costs to the economist are as the measure of what has to be given up to achieve something, to the accountant, they are money outlays (except for depreciation). Economic costs are made up of direct and indirect costs. Direct costs are usually money expenditures. Where average, or unit, direct costs are analysed, they often refer only to public expenditure divided by the appropriate unit, usually enrolments, at a given point in time for a given level of educational provision. The total direct costs of edu-

cation exceed the levels of expenditure by governments, and the excess is borne by households and firms (Watson, 2000).

To define the direct costs, it is necessary to specify at the same time what is actually being purchased. The difference between the actual expenditures and the (estimated) direct costs of providing a reasonable quality and quantity of education is the level of under-funding. For example, the costs of production of books can be more or less estimated, a 'reasonable' level of teachers' salaries can be proposed based on various measures and indices, building costs are usually known within, say, a 20 per cent variation for any given design, and the maintenance of pupils, teachers, materials, equipment and buildings can be estimated within an acceptable level of tolerance. If we then buy what we understand as 'education' but in fact receive something different, we have purchased a different product, and its costs are not those of 'education'. If we say that we are buying 'education' we expect that what we are buying will serve its intended purpose.

In this sense education expenditures do not equate to education costs in this particular time period. Total cost, however, is a wider concept and includes the costs to society as a whole, usually termed 'social costs'. The measurement of what has to be given up to purchase education is complex. The most widely analyzed indirect cost is the 'opportunity cost' to individuals and households, that is, the alternative uses to which they could have put the resources had they not invested them in education.

Data

The education system analyst requires three categories of basic data, 'physical' data relating to enrolments and other quantities, financial data relating to costs and expenditures, and economic data relating to the economy as a whole. Interpretative data are derived from these basic data, such as enrolment rates, average expenditures and other ratios National Income Accounting. At the apex of the data structure, national income accounts are frequently drawn upon for policy prescriptive purposes. The unreliability of national accounts is well known, but despite this they continue to be widely used, for example, in comparing government education expenditure as a ratio of GDP among provinces, and in advocating that expenditures on education reach a given level, say 5 per cent, of GDP. In these cases the numerators and the denominators of the ratios are so unreliable that the resulting ratios are of little use, especially for comparative purposes.

The next key issue is the composition of education budgets. Different provinces include different items, and Ministry of Education budgets, at least a few component of all budgeted expenditures on education in many provinces, particularly those in which education management responsibilities are devolved on local governments. It is often difficult to determine the total public budgeted expenditure on education because of the variety of data sources that must be consulted. Published and easily available data within provinces rarely provide information on education finance useable for detailed analysis.

A final point should be made about rate of return analysis. The use of internal rates of return to education has been vigorously promoted over the last fifteen years, and has had a great influence on education policy, although the reported historic 'high' rates of return have not been reflected in many cases in overall national economic performance.

In reality, it takes many years to redirect public expenditures from one level of the education system to another, during which time relative internal rates of return may change between levels for several reasons, including their dependence on average wages of school leavers which may change rapidly in a short time. As such a redirection may imply the introduction of fees and private education, of which there is little experience in many provinces, there are major political and social issues at stake. While cost-benefit analysis in principle provides important policy data, in practice, the potential for significant errors suggests that evidence of internal rates of return to schooling should be used with circumspection, if at all, particularly in provinces with low school quality.

Resources

Progress can only be made if planning and budgeting are improved, and this cannot happen while ancient and inappropriate government financial and planning approaches and systems remain. In general, governments must follow one or both of two types of policy to improve the quality and level of provision of education. On the one hand, existing resources must be used more efficiently, and on the other resources must be augmented. A necessary condition for both must be the development of realistic budget and expenditure control systems for all government expenditures which work hand in hand with better planning.

The necessity of a public subsidy to education is justified by the presence of constraints on private credit (individuals often cannot borrow to finance

education); imperfections in the availability of information (parents may systematically underestimate the value of education because of lack of information); externalities (such as the apparent relation between length of primary schooling and reduced fertility rates); and the public good aspect of education. Public goods are goods which, because they cannot be withheld from one individual without withholding them from all, must be supplied communally.

Access to basic education might qualify as a public good. The presence of any of these conditions indicates 'market failure', and as they are all to a greater or lesser degree applicable to education, subsidies to the provision of education services can be justified on economic grounds. At the same time, funds for education, whether from tax or non tax sources, are not infinite, and will always be rationed.

There is relatively little evidence on which to base confident predictions of the extent to which expenditures on education can be increased through allowing a market in education service provision to develop. The development of such a 'market' would be through (a) the introduction and expansion of 'user fees'; (b) the expansion of the private education sector; and (c) the greater use of non-government sources of specific goods and services.

User Fees and 'Cost-Sharing'

User fees may replace government subsidies to education, they may augment them, or they may partly replace and partly augment at the same time. Most proponents of fees assume that fees should and will augment total expenditures. Fees should be increased so long as there is 'excess demand' for the service. As I have noted, however, deterioration in the education system changes the product and 'excess demand' has little meaning. Excess effective private demand for 'education' as a service which will clearly benefit its 'users' by enabling them to learn will not be observed because of this.

Province parents are withdrawing their children from school because of poor quality and because they do not consider schooling relevant to their needs. Clearly, where there is substantial under funding combined with deteriorating quality, gains from increased user fees may generate resources for expansion and quality improvement, and add significantly to total resources expended on education. However, it is not at all evident that sufficient attention is given to substitution effects.

It is thus necessary to distinguish between compulsory fees and voluntary contributions, and to understand the degree of substitutability between

them. Where compulsory fees are concerned, a distinction must be made between fees collected by the school and used in the school, and those collected and administered centrally. Compulsory fees are in effect 'earmarked' taxation, that is, taxes collected for a specific purpose, where they are for compulsory education. As I have noted, taxation has its own associated costs, and therefore the result of charging fees which cause households to transfer expenditure from direct voluntary contributions to compulsory fees could result in a net decrease in education expenditure due to the costs of fee collection and administration.

Two broad justifications are commonly advanced for 'cost-sharing' policies according to Babunakis (1982). The first is that governments have insufficient revenue expenditures to finance education services fully and the second is that a decreased reliance on 'government' revenues will promote competition and therefore efficiency. In so far as 'cost-sharing' in education has any meaning at all, it refers to the sources of finance for education. Sources may be discretionary or non-discretionary for both household and government budgets. Both governments and households have limitations on what resources they can budget for any given activity. For individuals and households there are three types of 'costsharing':

Voluntary Contributions

Obligatory charges which do not go into government revenues but are retained, for example, at the school

Obligatory charges which go into government revenues. Voluntary contributions may be correctly considered as cost-sharing while obligatory charges must be considered as taxes.

However, where government allows for a certain level of 'voluntary' contribution by deliberately reducing subsidies, even voluntary contributions become obligatory. The basic question is what affects the relative levels of voluntary and obligatory expenditures. Taxes and compulsory fees paid by individuals are obligatory (nondiscretionary), they must be paid, and hence, there is no essential distinction to be made between them. Where fees are used directly for a specifically identified purpose, unlike most taxes which go into a common pot, they may be considered as earmarked, but they are nevertheless obligatory. 'Cost-sharing' does not therefore signify a division of financing responsibility: revenues still derive from citizens. Rather, it signifies a redistribution of financing shares.

Private Educational Provision

The privatization of education by the creation of elite private schools access to which is restricted by price may not be better off as is often believed. There may be significant incentives to compete for subsidized school places, which are allocated on entry requirements which include academic performance as measured by examinations. Examinations have distorted education systems and equated examination passes with education. To the extent that there is a relation between examination success and relative social advantage, examinations become a rationing device for future study, and favor the better off in their search for publicly subsidized school places. More importantly, whatever the economic status of students, those with lower academic achievement, which is not the same as saying those with less academic ability, may have less access to good schools.

There is undoubtedly an important role to be played by private schools in South Sulawesi Province. How important remains to be seen. Private schooling should not be seen as a panacea, and its potential as a future demand on government obligations under multipart systems must be borne in mind: where private schools may suffer financial problems there may be strong calls for government help.

Private systems are often subsidized directly or indirectly, and may account for a proportionately larger percentage of total expenditures than of total enrolments. Indeed, the real issue is how subsidies to 'private' schools are operated, as in most provinces, they operate through the tax system or directly through grants. In many ways it is unhelpful to be constrained by the term 'private', and perhaps we should consider the issue more in terms of diverse forms of state funding. To realize the possibilities that exist, significant changes would be required in government budgets for education.

Alternative Provision of Goods and Services

Many provinces have now contracted the publishing of school books to private sector publishers, and are contracting teachers and others to work on curriculum development, in contrast to previous reliance on Ministry of Education units to do this work. There has been less experimentation in some of the other parts of the education service, particularly in high cost areas such as the training of teachers. As teachers make up the single greatest cost component of primary and secondary education, and, at the same time, in nearly all provinces perceive themselves to be underpaid and working in poor envi-

ronments, a prime concern must be to improve their conditions.

In addition, the cost of teachers to schools is fixed by centrally determined norms, expressed both in salary scales and levels of qualification. In many regencies, the problems of poor quality in schools are also found in teacher training institutions as BPG and the professional capability of teachers suffers. Put another way, although teachers may possess appropriate paper qualifications attesting to years of training, they are not axiomatically well-trained teachers.

DISCUSSION AND SOLUTION

Issues in planning and budget reform

It has long been recognized that available resources have been spread more and more thinly over more students at the expense of quality and effectiveness. In spite of this, answers to how plans and resources should be related have rarely been addressed in technical detail.

The budget is the most significant influence on sectoral planning and management, and is the most comprehensive policy document issued by the government. It is generally recognized in the aid literature although there appears to have been little academic interest expressed in the subject in professional journals, but less well understood are the difficulties in altering significantly the structure of planning and budgeting in one sector only.

It is necessary to take into account the changes needed in the entire system of which the education sector is a part. Otherwise fundamental incompatibilities will exist between sectoral and treasury formats. The result of the failure to change the structures of planning and budgeting has meant that exhortations to achieve greater efficiency cannot be effectively translated into practice.

Furthermore, discussions of planning and budgeting cannot concentrate solely on recurrent budgeting alone, as has so often been the case. Capital budgets, in some provinces replaced by 'development' budgets, is a crucial aspect of the planning process, as is the need to account effectively for the use of foreign aid. In some provinces, foreign aid represents a significant proportion of total government education expenditure in itself, while in others the volume may be low relative to total spending although its influence on policy may be significant. I outline below the different types of budgeting, followed by a consideration of the approaches to budg-

etary and planning reform which are, I suggest, necessary conditions for sectoral reform.

Incremental Budgeting Systems

Most current systems are in an incremental bid format based on line items in the budget categories. Separate ministries, departments and institutions prepare the next year's estimates in isolation from each other, adopting as their base point the current year's volume of services and expenditure levels. These estimates take the form of bids, as in an auction, and when they are aggregated, they inevitably exceed the amount available to finance them. In an efficient bid system, departments then adopt a systematic approach to reducing their bids.

In many regencies in South Sulawesi Province teacher salary budgets are largely inviolate, and last minute reductions in non-salary budgets are imposed by the Ministries of Finance, often with no consultation with the bidders. Control of sorts is exerted over salaries merely by allowing them to decline in real terms, although if total budgets also decline in real terms the proportion of salaries in the budgets remains constant.

The principal advantage of the incremental systems, and the reason for their robustness in the face of their deficiencies, is that they are readily amenable to the political process of negotiation. The base is not challenged, and disputes can therefore be focused on the incremental proposals, which in the education sector can be conveniently divided between salary and non-salary expenditures, the former being politically more sensitive than the latter. Incremental budgeting encourages compromise and the mitigation of conflict. Sometimes the political process creates pressure for the increase of a line item precisely because of the fixed nature of the base: a common example of this is boarding costs for secondary school pupils. The final decisions on the budget, whether from the Ministries of Finance or from political sources, are invariably removed from the budget managers, who may be among the last to be notified, and hence there is little room for conflict.

Rational Budgeting Systems

Program Budgeting is basically an approach to the formulation of plans and budgets where attention is focused on objectives, and activities are grouped into 'programs' each one of which is concerned with a single objective. In a company this approach is an alternative to departmental budgeting where each department of the organization makes a

budget. Instead, planning and budgetary control may cut across departments where each department is concerned with a part of a program. The application of the approach to government budgeting may or may not alter expenditure control mechanisms, but will affect how the budget is built up and how the activities on which the budget is based are monitored. This mechanism are broadly explained as follows: (a) Establishing sectoral policies with overall goals broken down into programs with defined objectives, sub-objectives and activities; (b) Analyzing programs in terms of identification and quantification of resources required to meet objectives, allocation of existing resources, identification of alternative ways of achieving the objectives derived from needs analysis, and comparative quantitative and qualitative evaluation of alternatives and their social and economic costs and benefits; (c) Preparing budgets on the basis of the analysis, with narrative statements of output measures and justification.

Effective budgeting depends on good estimates of what resources are available. Under incremental budgeting, even if budget ceilings are given in advance, institutions within the system still benefit from trying to bargain higher shares, with the main arguments revolving around their previous allocations. The reduction of the volume of activities to be supported by the budget is rarely an option. Institutional planners may build up their budget bids on, for example, numbers of pupil places, books required, etc. But these bids are rarely derived from a conscious *prioritisation* of activities, but rather from maintaining or improving the *status quo*.

Education systems are major employers, and this makes restructuring difficult because of the human implications of reductions in the total system: it is difficult to plan a way out of the problem in the absence of immediately available and substantial additional resources.

In order to overcome this problem, systems which may be described as 'financial planning' or 'volume planning' systems are increasingly employed. These are concerned with longer planning horizons, usually of three years, and are characterised by the advance provision of expenditure guidelines, joint capital and recurrent budgets and a more relevant budget specification and classification than the line item budgets described above. However, their focus is still primarily incremental and they do not involve *a priori* justification of the base budget. The emphasis is still a departmental one, and the same criticisms relating to the measurement of outcomes may apply. However, when considered on a rolling

basis with program budgets, they become powerful tools for medium term planning.

Implementing Improved Systems

The main problem which in many cases seems almost insuperable without major political commitment is that rational budgeting techniques in education sectors cannot be introduced effectively without reforming total budget systems, across all sectors. The approach to realizing reform is described below, and, as I argue, the approach must be at a reasonable pace. Its basic elements are: (a) the introduction of linked rolling plans and budgets, which involves strengthening macroeconomic forecasting for the purposes of overall government revenue estimation, better estimation of domestic revenues for education, and identification of near-term education sector objective; (b) strengthening decentralized processes in planning and budgeting, involving a more 'pyramidal' planning structure and identification of 'planning/cost centers' for planning and budgeting purposes; (c) introduction of program elements into budgets involving revisions of budget formats and classifications and identification of programs; (d) reform in capital budgeting; (e) better procedures for planning and reporting foreign aid grants and loans; (f) improved expenditure estimation; (g) more accountable budget implementation and improved expenditure control.

Rolling Plans and Budgets

Rolling expenditure planning enables governments to have a medium-term perspective of the future financial obligations created by the existing policies. A three year perspective is usually considered reasonable and feasible. Revenue and expenditure budgets are made for the current year and for the next two years, and as each year draws to a close, a new third year is added.

Rolling plans should be distinguished from development plans, which are mainly concerned with new policies and interventions. They are not substitutes for annual budgeting, but are part of the process of preparing for annual budgets by setting indicative planning targets for the ministerial sectors. They allow sector planners to prepare forward estimates of their financial requirements which are then considered in relation to the predicted available resource ceiling.

The technique allows time for sector planners to adjust their plans and expectations to resource constraints, and gives a certain degree of security about the future. In many ways, the adoption of

medium-term forward-budgeting by its very nature pushes the system towards program budgeting. Most of the policy reforms discussed in the first part of this paper need to be tested in the province where they are introduced: experience in other provinces may not necessarily be relevant, though some have more evidence of success than others. By establishing mechanisms whereby they can be tested without major disruptions governments will have greater flexibility to innovate and also insure against effects of failure.

In many regencies, education sectoral allocations have sometimes not been approved until after the start of the fiscal year. While in some instances this is understandable, there is a certain absurdity to this view when considering education systems and the predictability of their base financing requirements: the main issue is by how much expenditure can be increased. It is possible to make reasonable predictions of government revenues over a three year period, and to make sufficient allocation to education to cover 'core' expenditures, and then to allow for under or over estimation which would mainly affect the rate of increase of education expenditure, perhaps through contingency budgeting. The revenue forecasts can be adjusted every year, and, of course, during the year. The assumptions on which they are based should also be made known so that sector planners can evaluate them and be prepared for changes. Most education planners would prefer to have some indication of the likely future allocations to education to no indication at all.

Improving the Planning System

Planning and budgeting should not be passive tasks. Plans and budgets need to be implemented, and accountability for implementation should rest on those who have formulated them. Many, if not most, systems tend to divorce the planners from implementation, and in top-down systems, such planners (and politicians) make decisions for others to implement without extended and real consultation.

Strengthening educational planning and budgeting would include the introduction of a *pyramidal structure of planning and budgeting* which would involve all relevant players in the process. The obvious basic unit of planning activity is the education institution. At the primary level, the school might in principle be considered as a centre of activity, although primary schools would probably not be feasibly translated into planning/cost centers (a cluster system would be more effective). In many

provinces, this is not dissimilar to earlier education systems which emphasized local control. At the secondary level, it is more feasible to introduce an element of school based budgeting and planning because it will be capable to provide the education opportunity for the unfortunate particularly those with economical disadvantage.

There is no *a priori* reason why funds budgeted for salaries cannot be fired to provide a better environment, or buy materials, or in any other way, enhance the quality of school life. Provinces have a structure of district education offices and local governments, and it is usually possible to allocate revenues between them. These are in effect 'cost centers' for primary education and sometimes secondary education. At the post secondary levels budgeting is usually done at the institutional level. Under a rolling plan system, cost centers can be given a reasonably firm allocation for the next year as well as indicative allocations for the subsequent two years.

CONCLUSIONS

The concern with sustainable development has been brought to the fore by environmental concerns, where they relate to the impact of projects on, for example, national income, human welfare, depletion of physical resources and technological change. The criteria in these cases relate to *irreversible* effects of projects, how to foresee them,

measure them, and accommodate them. In many respects, the economics of the environment is similar to the economics of human resources, most particularly in their long term horizons, and the associated problems of valuing externalities.

In relation to the total educational wants of a population this is probably by definition true. However, concentrating on reforms and improvements will result in a better fit between available resources, local management and professional capacity, and the scope and size of educational systems. Reformation and improvements cannot be restricted to the education sector alone, but must be undertaken parallel to improvements and reforms in the Ministries of Finance and in civil services in general.

At the level of program design for the strengthening of planning and budgeting in the education sector, a key lesson of the past is the need for coordination between education ministries and ministries of finance. Sectoral donors should take a wider view of their interventions. Many may consider this to be a daunting task, but I argue that a gradual process of reclassification of budget heads is possible and that there need to be no conflict between the budget formats used by the Ministries of Finance and the Ministries of Education. When the mechanisms by which change may be effected are in place, they will be able to take effective steps to initiate affordable and sustainable improvements in their education services.

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