

18TH AMENDMENT AND HIGHER EDUCATION: A CASE OF DEVOLUTION GONE AWRY

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ABSTRACT

Universities are critical to the human and economic development of any society. However, instead of being engines of social and economic growth, Pakistani universities face an existential crisis. On the surface, lack of finances is the central crisis in Pakistani HEIs. However, a deeper understanding reveals multiple factors starting from legal and constitutional ambiguities in the post-18th Amendment governance and consequent lack of political responsibility, a general dysfunction in the university leadership, and the inability of the HEIs to adapt to the changing circumstances.

The study primarily focuses on understanding the impact of the 18th Constitutional Amendment to the Constitution of Pakistan (2010) on the financial crisis in Pakistani HEIs. However, during the inquiry, several other critical factors are also revealed. The 18th Constitutional Amendment devolved many subjects, including higher education, into the exclusive domain of the provinces. Nevertheless, certain items in the Federal List, especially those regarding the standardization in education and research were understood to require a need for continuing the Higher Education Commission (HEC) at the federal level. Efforts at devolution resulted in legal challenges and political apathy. Further, in 2011, the Council of Common Interests agreed to continue the federal financing to the provincial universities until a new NFC Award was signed. On the other hand, despite the dwindling federal financing to the HEIs, provincial governments created new universities with little intention to finance them. More than 20 public sector universities have been established only in Khyber Pakhtunkhwa since 2010.

The federal government capped the budget of HEC at around Rs. 65 billion in 2017-18. With inflation, the mushroom growth of new universities, the failure of universities to generate own resources, and the dependence of universities on government finances, the stalling of financing precipitated a financial crisis.

On their side, the internal governance of universities also depicts a picture of dysfunction. Efforts at commercializing research have produced little tangible dividends due to poor quality research and low standards of services. Student enrolment has dropped due to the establishment of too many universities and the initiation of the BS program in colleges, and the pension expenditure has crippled effective university budgeting. The study provides some workable policy recommendations.

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INTRODUCTION

Under the 18th Amendment (2010) to the constitution of Pakistan, higher education was delegated to the provinces as a residuary subject. As for the 18th amendment overall, the expected outcome was that such delegation would improve governance of higher education at the provincial level. However, during the past few years, the sector has been defined by a growing crisis, especially by financial constraints causing widespread dysfunction. This study systematically evaluates how higher education was devolved to provinces with the continued existence of the Higher Education Commission at the federal level. It identifies the shortcomings that resulted in the ensuing crisis in higher education. The study systematically analyzes the current higher education institutional architecture and identifies gaps, overlaps, and contradictions.

1.1 Background

The financial crisis in higher education has remained in the news in the past few years. News stories such as the delay in the payment of salaries to the employees of public sector universities and the historic Islamia College University Peshawar running out of paper for official business depict a picture of growing dysfunction in the sector. The news coverage of the crisis universally lacks context and creates an impression that the failure has solely arisen from how poorly the universities are managed. This study provides context to the crisis and thoroughly analyzes the impact of governance change that higher education went through in the aftermath of the 18th Amendment.

1.1.1 The 18th Constitutional Amendment

The 18th Constitutional Amendment delegated almost 17 subjects to the provinces by placing them in the residuary powers that have now been the exclusive domain of the provincial governments (National Assembly of Pakistan, 2010). The 7th National Finance Commission concluded months before the 18th Amendment promised increased funds to the provincial governments to shoulder the newly assumed responsibilities. In this manner, whereas the provinces received 17 new subjects, their share of the national resources rose from 43 percent of the divisible pool to almost 59 percent. Given the increased resources and the delegation of responsibilities, it was hoped that, through the principle of subsidiarity, governance in all areas, including higher education, would benefit from governance at the local levels (Amjad et al., 2012).

Contrary to expectations, however, the 18th Amendment is often understood to precipitate a qualitative decline and a financial crisis in higher education. As the recent meeting between the Governor Khyber Pakhtunkhwa and the Vice Chancellors of the universities of the province highlighted, the provincial government attributes the crisis to maladministration and financial irregularities in the universities, whereas the university administration complains of a decline in the financial support from the provincial and federal governments (Ali, 2020). It is with this backdrop that this study proposes to investigate the ailing situation of the universities and identify to what degree and in what ways has the change of governance in the post 18th Amendment architecture impacted the governance of higher education in Pakistan.

1.2 Scope of Research

1.2.1 Objectives

The study proceeds with keeping in mind the following objectives:

1. To explore how the 18th Amendment changed the administration of higher education.
2. To identify gaps in the implementation of the provisions of the 18th Amendment to higher education.
3. To assess the volume of responsibilities and resources transferred to provincial governments for higher education.
4. To investigate whether and how the 18th Amendment is responsible for the current crisis of higher education in Pakistan.

1.2.2 Research Questions

The Research answers the following questions:

1. How has the 18th Amendment to the Constitution of Pakistan transformed the governance of higher education?
2. Is there a causal relationship between the current crisis in higher education and the 18th Amendment?

1.2.3 Hypothesis

The study pursues the following hypothesis:

The 18th Amendment transferred higher education to the provinces without settling the question of higher education financing and governance. The result has been an unwillingness on the part of the provincial governments to prioritize higher education over more politically popular projects, and the continued existence of HEC as a grant body creating institutional role ambiguities resulting in the current financial crisis.

1.3 Statement of the Research Problem

Higher education in Pakistan provides the lifeline for long-term national development. Due to the financial crisis in the sector, there has been a steady decline in the performance of higher education, evidenced by the education-industry gap, and the declining performance of students on various matrices. The crisis is often discussed without the broader context in which higher education is governed. Of special academic and policy interest should be how the 18th Amendment redesigned higher education management. This study explores the extent to which the post-18th amendment structural change may have resulted in the financial crisis of the HEIs. The study attempts to clarify constitutional questions around the responsibility to finance public sector universities. Lastly, it also tries to figure out whether better ways of managing HEIs are possible to resolve and mitigate the current crisis through institutional and financial management.

1.4 Research methodology

The study uses predominantly desk research with both qualitative and quantitative aspects. The quantitative aspect will trace the budgetary allocation to the public sector universities in the aftermath of the 18th Amendment and make an informed comparison of the same with the pre-18th Amendment situation. To complicate the analysis, the study takes into account other factors such as the increase in the number of universities and students. Further, it compares the University of Peshawar and the Institute of Management Sciences (IMSciences) Peshawar. The former institution is running a growing fiscal deficit whereas the latter institution appears financially sustainable. This data is presented and analyzed through graphs and flow charts to determine trends over time and across provinces.

The quantitative analyses that focus primarily on resource allocation and generation are followed by a qualitative analysis to determine the nature of the impact of the 18th Amendment. To understand whether the current crisis in universities is indeed created by the post-18th Amendment governance or it is carried over from how poorly and unsustainably the universities were being run is of core interest in the qualitative part of the research. For this part, we gathered data through interviews. The respondents were selected through purposive sampling. These respondents included university administrators, officials at provincial higher education and finance departments, at least one cabinet minister dealing with higher education, two members of the Implementation Committee on the 18th Amendment, and three officials at the Higher Education Commission. All the interviews are open-ended.

In the final analysis, the two types of data were used together to conclude the causes of the current crisis, especially given the post-18th Amendment scenario. The quantitative data provides the empirical background for the analyses whereas the qualitative data allows us to corroborate the analysis given the points of view of various stakeholders.

1.5 Public Policy Relevance

Higher education, especially universities, is considered the only viable guarantee for the long-term development of the country. With a burgeoning youth population, an increasing number of whom are now receiving higher education, the availability of quality education is the only way to turn the burden of the population into a useful human resource. The recent trend in higher education in Pakistan has, unfortunately, been counterproductive to the development of quality human resources. The matters have been further complicated by the lack of resources that are essential to providing an enabling environment for students, teachers, and researchers.

There has been no systematic study of how the post-18th Amendment governance reshaped the university administration. This research feeds into the public policy discussion on higher education in the following ways:

1. It systematically outlines the pre- and post-18th amendment governance of higher education. It surveys, locates, and positions the current institutions in the governance architecture and identifies duplications, overlaps, and gaps in the governance of higher education. It thereby allows us to understand the need or redundancy of HEC or provincial higher education commissions.
2. The study also helps understand how resources are allocated, and how they are made use of at the university level. This analysis allows us to understand whether the current crisis is caused by a paucity of resources or by the less-than-optimal use of current resources.
3. The study informs the public and policy sphere discussion with concrete analysis and data. Such a description allows us to fix clear responsibilities over the political blame game.

LITERATURE REVIEW

There is a lack of serious scholarly studies on the subject of the relationship between higher education and the 18th Amendment. Osman & Subhani (2016) conducted a study titled 'Higher Education in Pakistan – Problems and Prospects in Post 18th Amendment'. These scholars employ econometrical techniques to gauge the impact of post-18th Amendment governance mechanisms on higher education. The study takes into account the issue of national and international standardization in higher education, and the planning and governance of higher education in the aftermath of the 18th amendment. The study concludes that there is a lack of clear monitoring and evaluation mechanisms provided in the post-18th Amendment higher education framework (Osman & Subhani, 2016). The study, however, neglects the issue of provincial institutional building in the aftermath of the new governance framework. Another study that specifically focused on higher education in a post-18th amendment in Sindh province was conducted by Khan (2015). The study correctly highlights two types of tensions created by the 18th Amendment in higher education. On the one hand, there is a struggle between the provincial HEC in Sindh and the one at the center on which body has the actual authority to manage the universities; on the other hand, however, the close regulation of the universities by the provincial departments is viewed as an infringement on their autonomy by the universities. The study concludes that while all stakeholders wish to exercise authority, they are unwilling to shoulder financial responsibilities (Khan, 2015). Other academic studies focus on how the 18th Amendment impacted education in general. But those studies are largely irrelevant to our current discussion.

Gilani (n.d.) evaluates the performance of the HEC since its establishment in 2002. Gilani (n.d.) dissects the HEC's governance structure, decision-making processes, and resource allocation mechanisms. He highlights potential issues like bureaucratic hurdles, centralization, and limited stakeholder engagement. The author analyzes the HEC's key initiatives like faculty development programs, research funding, curriculum reforms, and quality assurance measures. He assesses their effectiveness in improving the quality of education and research outputs. He critically examines the impact of HEC policies on graduate employability, research productivity, and overall student development. He calls for evidence-based assessments to measure the actual impact of reforms. The author identifies challenges like resource constraints, political interference, and uneven implementation across institutions. He proposes strategies for strengthening the HEC's autonomy, promoting equitable access, and fostering innovation in higher education (Gilani, n.d.). However, this analysis could be strengthened by incorporating more empirical data and quantitative evidence to support the claims. Moreover, the author could benefit from incorporating diverse perspectives from different stakeholders like students, faculty members, and employers. Similarly, a deeper analysis of specific policy initiatives and their impact on different institutions and disciplines is also missing in this article.

Parveen et al. (2009) has substantively discussed the issues of higher education in Pakistan. The authors trace the evolution of Pakistan's higher education system from its pre-independence roots to the present day. They highlight key milestones like the establishment of universities and the focus on scientific and technological education. They critically examine the challenges faced by the higher education system, including resource constraints, under-qualified faculty, outdated curriculum, and limited access to quality education. It also addresses criticisms leveled against the HEC's centralized

approach and alleged lack of transparency. The authors analyze various HEC-led reforms like faculty development programs, research funding schemes, curriculum revisions, and quality assurance mechanisms. They assess the effectiveness of these initiatives in addressing the identified challenges. The study further evaluates the impact of reforms on student learning, graduate employability, and overall educational quality. It proposes future directions for strengthening the higher education system, emphasizing the need for increased funding, decentralization, and greater stakeholder involvement. However, like many studies on the subject, it does not address the issues higher education is facing as a result of the 18th amendment and resultant policy reforms and transformations.

Zubair et al. (2019) talked about the larger historical framework and the context in which Pakistan's governance system formed and the country's higher education system evolved as a result. The writers have discussed Pakistan's public sector governance framework, paying special attention to the higher education sector, the formation of the Higher Education Commission (HEC), and the surrounding circumstances. The transition of the University Grants Commission (UGC), the initial higher education regulatory organization, to the current HEC structure and, more recently, the Provincial Higher Education Commissions (PHECs) in Sindh and Punjab is covered. The authors conclude that there have been many difficulties encountered by different governments during Pakistan's higher education reform journey, including the ambiguity of the roles played by federal and provincial governments. As a result, it is not possible to evaluate the reforms and policies in a vacuum.

Iqbal et al. (2021) attempted to highlight the major challenges associated with higher education in Pakistan and discussed prospective strategies to overcome the underlying challenges. They argue that the status and standard of higher education in Pakistan is not up to the mark. They further point out the main issues of the higher education sector in the country including limited allocation of budget, inappropriate infrastructure, untrained less developed faculty, governance issues, flaws in educational policies, lack of international collaboration among higher education institutes, hurdles in research and creativity, and neglect from the stakeholders. Among other things, they emphasize addressing the administrative and governance issues and increasing the higher education budget to resolve the issues of higher education in Pakistan.

Gopang (2012) focused on the performance of the HEC by highlighting its major reform initiatives since its establishment. Gopang (2012) outlines the HEC's formation in 2002 and its mission to improve the quality and standards of higher education in Pakistan. He highlights key objectives like faculty development, research promotion, curriculum revision, and quality assurance. He examines various HEC initiatives across different areas e.g. Faculty Development; Research Promotion; Curriculum Reform and Quality Assurance, etc. Gopang (2012) acknowledges the HEC's positive impact in some areas like faculty development, research funding, and curriculum revision. However, he also identifies challenges like bureaucratic hurdles, centralized decision-making, uneven implementation across institutions, and limited resources. He further calls for strengthening the HEC's autonomy, increasing transparency and accountability, promoting regional equity in resource allocation, and fostering greater stakeholder participation in reform processes (Gopang, 2012).

Khan (2015) focuses on the HEC's role in flourishing higher education in Pakistan. He also points out the major hurdles that barred the HEC from achieving its goals more effectively. The authors argue

that the Higher Education Commission's (HEC) initiatives have significantly enhanced higher education and research culture in Pakistan since 2002. They cite initiatives like faculty development programs, increased Ph.D. faculty in universities, scholarship opportunities, and research grants as key factors in this positive development, attributing it to improved capacity building within the system. Additionally, they applaud the increase in the number of universities. However, they acknowledge several challenges impeding the HEC's efforts to promote a more effective and inclusive higher education system. These challenges include declining budgetary allocations, limited cooperation from public universities, and ongoing debates surrounding the HEC's autonomy. Importantly, the study does not address the impact of the 18th Amendment on higher education in Pakistan, which represents a significant oversight.

There are a few newspaper articles that raise the issue of higher education governance in the post-18th Amendment setup. Nabi (2013) raises various questions and confusions, many of which remain relevant. For instance, he raises the question of the status of HEC as a grants body, the issue of special study centers, and most importantly, the financial liability of centers or provinces. Noor (2018) highlights that the Senate of Pakistan had directed a committee to formalize an institutional arrangement where the HEC is a standard-setting institution whereas the provincial shoulders the university's administrative and financial responsibility. The writer contends that the HEC should have greater representation from the provinces so that the body becomes compliant with the post-18th Amendment constitutional structure.

As noted, there are limited studies on the subject and those that do exist take the issue at the surface level without engaging in deeper analysis.

FINDINGS AND ANALYSIS

3.1 Brief Overview of the Evolution of Legal Status and Governance of Higher Education in Pakistan

During the British era, an Inter-University Board was created in 1925. The purpose of the board was to coordinate activities such as sports, and culture. Later, a University Grants Commission was formed in 1945 to oversee the working of the three central universities in India – Aligarh, Banaras, and Delhi. After the Partition, India constituted a University Education Commission in 1948 and then replaced it with the University Grants Commission in 1956 through an act of Parliament (University Grants Commission, 2020). However, the areas that currently constitute Pakistan had a single university at the time of Independence – the Punjab University in Lahore (Osman & Subhani, 2016). And therefore, the need for a body to regulate universities was not immediately felt. The Constitution of 1956 did not provide for a federal entity to regulate higher education. Instead, under the constitution, universities were placed in the provincial legislative list under Item No. 20 (Isani, 2005).

The report of the Commission on National Education 1959 (GOP, 1959) called for greater focus on higher education, including the suggestion that higher education may be recognized as a stage distinct from other levels of education. The same report also called for the establishment of a University Grants Commission. However, the 1962 Constitution of the country mostly overlooked the issue of higher education (GOP, 1962). The current constitution of the country promulgated in 1973 provided vast powers to the federal government about education. Many aspects of education were placed either on the Federal List or on the Concurrent List (Zubair et al., 2019). Effectively, higher education which remained a provincial subject between 1947 and 1973 was made a federal subject by the constitution.

Following the adoption of new constitutional provisions on education, the federal parliament passed several laws extending its hold on higher education. The most significant of these laws was Act No. XXIII of 1974, called the University Grants Commission Act (GOP, 1974b). As the title suggests the Act provided for the establishment of a University Grants Commission (UGC). The Act specified the main function of the Commission as “the promotion and coordination of university education, the determination, and maintenance of standard of teaching, examination, and research in universities, the reorientation of university programs to national needs”. Towards these ends, the Act tasked the Commission to devise plans for the development of universities in consultation with the government and universities. The law also gave UGC the authority to assess the financial needs of the universities and make decisions on the disbursement of funds that it received from the government among the universities. The Commission was also assigned the responsibility of advising provincial and federal governments on the establishment of new universities or the expansion of programs in the existing universities (GOP, 1974b).

Around the same time, two other acts of parliament were also passed by the parliament that had important repercussions for higher education. In 1974, the Centres of Excellence Act was passed authorizing the Federal Government to establish Centres of Excellence in a particular academic area for high-level goal-oriented research and teaching. The federal government also reserved control over these centers by appointing their directors and controlling finances (GOP, 1974a). In 1976, the Federal Supervision of Curricula, Text-Books, and Maintenance of Standards of Education Act was

passed (GOP, 1976). The stated purpose of the act was to promote national cohesion, making curricula relevant to the ideology of the country and to the changing economic and social needs. The Act specified that the authority of the federal government, about the curricula, extends to all educational establishments, including the universities. The set of statutes enacted in the 1970s provided the federal government considerable role in managing and regulating the education sector.

3.1.1 Creation of the HEC

In 2002, at the prompting of the World Bank, the Federal Minister for Education, Zubaida Jalal, established a task force on the improvement of higher education in Pakistan. The task force, in addition to recommending the establishment of a Higher Education Commission (HEC), also demanded greater financial allocation towards universities. It also advocated that the proposed commission should differ from the UGC in significant ways. Rather than merely overseeing the finances of the universities, the Commission should improve the quality of education, and consider the issue of standards of education in making allocation decisions (The Task Force, 2002).

On the proposals of the Task Force, the HEC was established through a presidential ordinance on September 11, 2002. The Commission was granted broad powers including regulating, funding, overseeing, and accrediting higher education institutions in the country. The HEC was to be governed distinctly from the Ministry of Education (Gilani, 2023). It fell under the office of the Prime Minister. It comprised 17 members selected to ensure membership from all federating units.

3.1.2 Post-18th Amendment Governance

With the passage of the 18th Amendment to the Constitution of Pakistan in 2010, the Concurrent List (on which both the Center and the Provinces could legislate) was abolished (Khan, 2015). Education, including higher education, was devolved to the provincial legislatures. However, the 18th Amendment also placed various items at the disposal of the federal government that closely related with higher education. For instance, Part I of the Federal Legislative list authorizes the Federal government to constitute Federal Agencies and institutes for research or professional training purposes, and treaties related to foreign students. More importantly, Part II of the Federal Legislative list enumerates several items such as standard setting in higher education, inter-provincial coordination, and National planning in scientific and technological research. It should be remembered that Part II of the federal list details items on which both provinces and the federal government can legislate. The constitution stated that under Article 154 any conflict between provinces and federal government on Part II of the Federal Legislative List is the domain of the CCI.

Since then, political and technical questions have obfuscated the question of the financing of universities. After the passage of the 18th Amendment, the Federal Government informed the HEC through notification No. F.3 (26)/2010-IC-I that its roles have been devolved to the provinces (*Dawn*, 2011). Atta Ur Rehman, the founding Chairman of the Commission, Senator Azam Swati, Marvi Memon, and a few other individuals filed a petition in the Supreme Court against the notification. The petition pleaded that the HEC worked under the 2002 Ordinance and was not the authority of any ministry. On April 13, 2011, the three-member bench headed by Chief Justice Iftikhar Chaudhary observed that the notification did not affect the HEC functioning under the 2002 Ordinance. The HEC would continue to function unless a new legislation is passed (*The Express Tribune*, 2011). The Federal Higher Education Commission (Amendment) Bill 2023 does little to clear the devolution

question. Rather this unilateral bill undertaken without consulting provincial governments reemphasizes the role of the HEC in regulating HEIs nationwide.

As the discussion in the following sections elucidates, before the 18th Amendment, the federal government almost entirely covered the funding for the universities. The burgeoning number of universities and the increasing expenditure due to the post-HEC reforms expanded the financial impact of universities on the federal government. The passage of the 18th Amendment raised questions regarding the financial responsibility towards public sector universities. The political consensus for the 18th Amendment and the wider devolution it brought about was garnered in a relatively short time, the structural changes that the amendment brought had not been studied previously. Most of the vice-chancellors interviewed, both current and former, mentioned that the provinces were not prepared to bear the responsibility of governing universities. One of the interviewees, a former vice-chancellor, pointed out that issues and challenges with infrastructure and capacity in managing higher education within the provinces had contributed to the implementation crisis (Zaman, 2024).

To make it a seamless transition, in May 2010, an Implementation Commission on the 18th Amendment was constituted under the chairmanship of Senator Raza Rabbani. To temporarily settle the question of financing of the HEIs, in 2011, the Commission decided that "the financing for the current expenditure of universities hitherto would be picked up by the federal government till the period of current [7th] NFC Award" (GOP, 2011b). The report of the Commission also hinted that a new law limiting the role of the HEC in compliance with the 18th Amendment would be passed in due course. The report was adopted by the Council of Common Interests in a meeting chaired by the Prime Minister, on April 28, 2011.

Since the 8th NFC Award is yet to be announced, the federal government is, in principle, responsible for the financing of the HEIs. Senator Afrasiyab Khattak, a member of the Implementation Commission, believes that the delay in the renegotiation of the NFC is a willful attempt on the part of interests who oppose the transfer of more resources to the provinces which will inevitably occur in the 8th Award (Khattak, 2024). Several interviewees emphasized the issue of inadequate planning in implementing the aforementioned amendment. One interviewee, a former vice-chancellor, observed that the 18th Constitutional Amendment was a half-hearted endeavor: while it aimed at decentralization, it simultaneously lacked a comprehensive implementation process and plan (Bukhari, 2024).

From the discussion, it appears that, given the recommendations of the Implementation Commission and the endorsement of the CCI, the Federal Government should shoulder the responsibility of covering part of the finances of HEIs. However, this point requires further nuance. The former president of FAPUASA (Federation of All Pakistan University Academic Staff Associations) Jamil Ahmed noted that the provincial governments have established various universities after 2010. The Federal Government can be held responsible for the financially supporting universities that have been in existence before 2010 but provincial governments need to take ownership of its decisions to continue to establish universities after the 18th Amendment. In his opinion, there are more than 20 such universities established only in Khyber Pakhtunkhwa. He also observed that he was present during the meetings regarding the establishment of universities in Karak, Lakki Marwat, and Swabi. He stated that in all these cases the provincial officials agreed that the universities would be financed

through local resources such as royalties from gas in Karak and the proceeds of the Tarbela Dam in Swabi. Ihsan Ali, the former Vice Chancellor of Hazara University and Abdul Wali Khan University, agreed that the government did indeed make such commitments. However, he also emphasized that the HEC was involved in the evaluation and approval of the setting up of these new HEIs. Further, he asserted that the HEC continued to provide financing to these universities, thereby gesturing responsibility towards the financing of these universities.

As noted in later passages, two provinces (Sindh and Punjab) established provincial HECs. However, in the presence of the Federal HEC, the creation of PHECs has created further anomalies. The Punjab HEC and federal HEC have witnessed a turf war on issues such as the closure of universities and campuses that the federal HEC viewed as illegal, but the PHEC had allowed them to operate. With the current laws, the mandates and jurisdictions of the two bodies overlap and contradict each other. Another law titled Higher Education Commission (Amendment) Bill, 2023 has been moved in the parliament. However, the law does not clarify the devolution status of the HEC or higher education. Rather, if it comes into effect, the law will increase provincial representation in the federal HEC, bring the HEC directly under the authority of the Prime Minister, and extend the tenure of the Chairman HEC to 4 years.

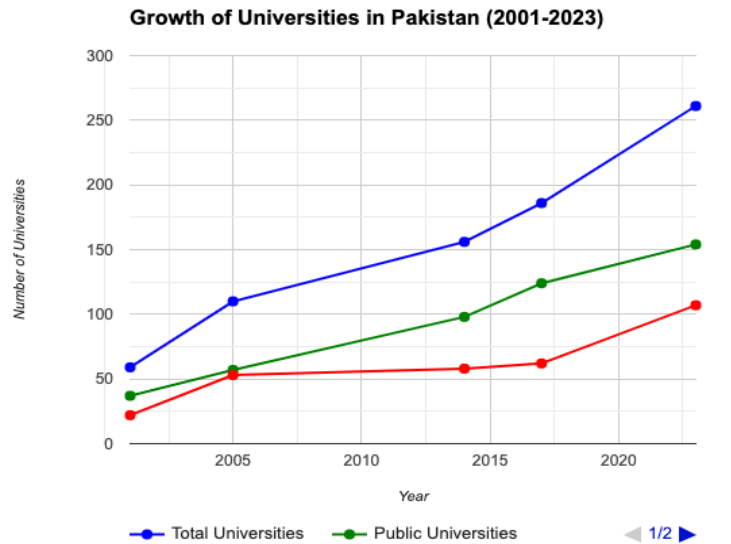
To summarize, the status of the HEC and the question of financial responsibility and regulatory power toward universities remain unclear. Almost all the interviewees agreed that the 18th Amendment has generally undermined the authority over higher education, especially at universities, resulting in disarray and contradictions. One of the current vice-chancellors noted that the uniformity of policies and quality standards has been impacted by the fragmentation and inconsistency among provinces brought about by this shift. On the one hand, the 18th Amendment is categorical on the devolution of higher education to the provinces. However, on the other hand, it also leaves enough room for the HEC's regulatory authority. The Supreme Court's pronouncement of the HEC's autonomy has only added to the complication. The parliament's inability to propose and pass a definite law on the devolution of the HEC to supplant the 2002 ordinance and consolidate the 18th Amendment further compounds the legal and constitutional status of higher education.

Lastly, the status of the provincial HECs was further undermined when the CCI, in a meeting chaired by Prime Minister Imran Khan, declared that the HEC would be the "sole standard-setting national organization with regards to higher education in the country" (Press Information Department, 2021).

3.2 Growth of Universities in Pakistan 2002-2023:

In this section, the study illustrates the growth of universities in Pakistan. Over the past couple of decades, the number of new universities that have been established by both the federal and provincial governments have superseded the growth of the sector in the first five decades after the independence of the country. As noted, West Pakistan had a single university at the time of independence – Punjab University. Interestingly, the antecedents of the Pakistan movement are traced back to Aligarh University. However, even Aligarh ended up in the areas that formed India in August 1947. After independence, two universities were established in Sindh – the University of Sindh (1947) and the University of Karachi (1951). Around the same time, the University of Peshawar (1950) was also established (University of Peshawar, 2018).

Figure 1: Growth of universities in Pakistan (2001-2023)

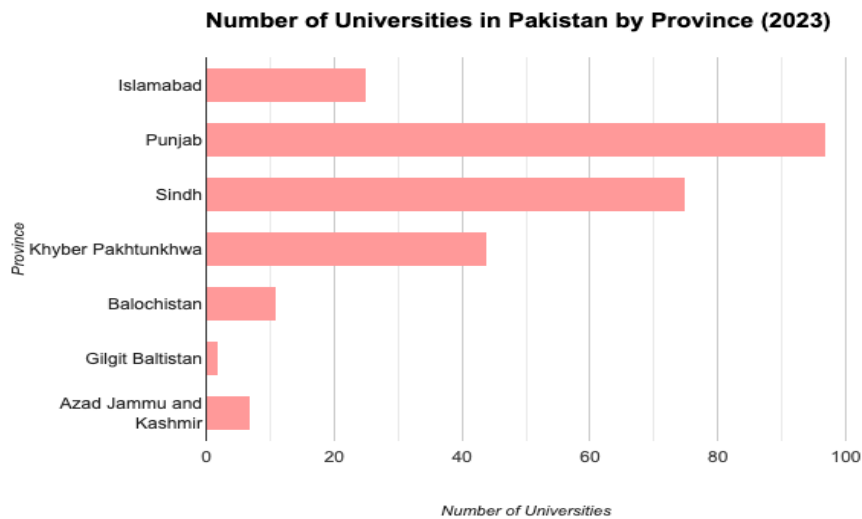


Source: Higher Education Commission (n.d.).

By 2021, Pakistan had a total of 59 universities. Out of these 37 were public sector universities whereas there were 22 universities in the private sector. The number of universities rose steeply after the establishment of the Higher Education Commission (HEC) in 2002. In 2005, the number of universities reached 110 (57 public universities, 53 private universities); in 2014, to 156; and in 2017, to 186 (Ali, 2020). As of November 2023, the website of the HEC shows a total of 261 universities. Of these, there are 154 public sector universities, where the number of private universities is 107 (Higher Education Commission, 2024).

Regionally, Islamabad Capital territories have 25 universities. There are 97 universities in Punjab; 75 in Sindh; Khyber Pakhtunkhwa has 44 universities; there are 11 universities in Balochistan; 2 in Gilgit Baltistan; and 7 universities are located in Azad Jammu and Kashmir (Higher Education Commission, 2023). The data, in this manner, shows that there has been a more than four-fold increase in the number of public sector universities since the establishment of the HEC. For later discussion, it should be made clear that the province-wise distribution of universities in the graph below only represents the location of the universities. For instance, according to the HEC data, the Federal Government has chartered 48 universities whereas Islamabad has 25 universities. The rest of these universities are located in other parts of the country. To elucidate, there are 44 universities in Khyber Pakhtunkhwa. However, the Khyber Pakhtunkhwa government has chartered only 39 universities (Higher Education Commission, 2024).

Figure 2: Number of universities in Pakistan by province (2023)



Source: Higher Education Commission (n.d.).

Similarly, there has also been a considerable increase in the number of PhDs produced in Pakistan during the same time. HEC data shows that while 2803 PhDs were produced in the 53 years between 1947 and 2000, in the next ten years (2000-2010), 3723 PhDs were produced (Warrach & Warrach, 2014). The number of PhDs produced by Pakistani universities has only picked up pace since then. On average more than 1000 PhDs are currently being produced by Pakistani universities every year. The issue of the standard and quality of these scholars that has been raised in academic literature comes for greater discussion and scrutiny in the coming sections.

3.3 Financing of the Public Sector Universities in Pakistan:

3.3.1 Federal Government

Since the current study focuses on studying the financial challenges of public sector universities, this section will exclusively deal with the financing of public sector universities. Given that the later analysis in this research focuses on public sector universities from Khyber Pakhtunkhwa, this section will narrow the overall explanation towards a more specific study of the financing of public sector universities in that province.

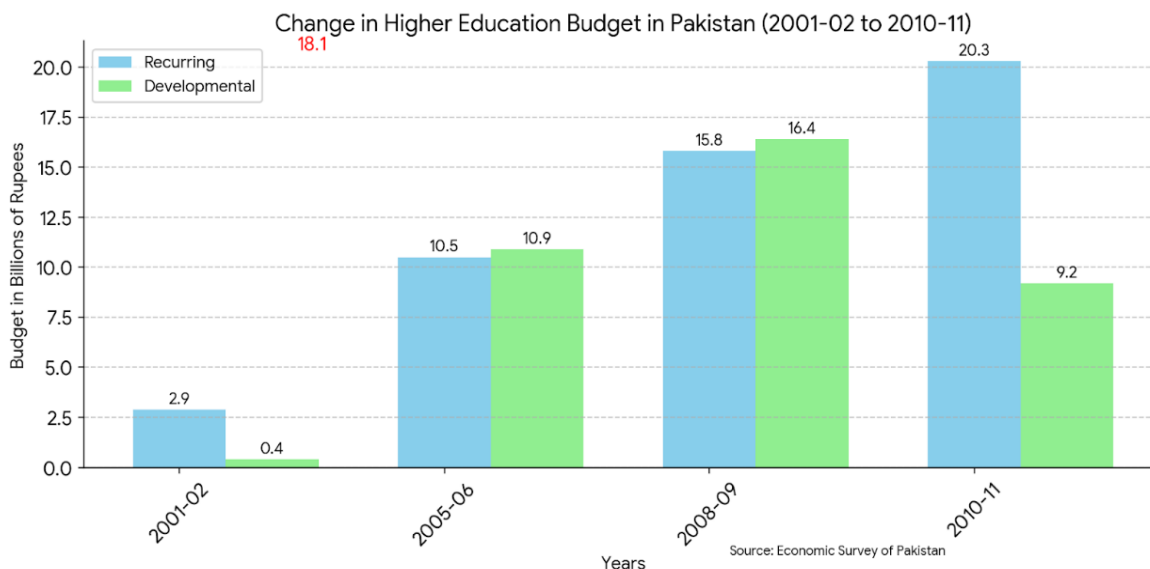
Broadly, public sector universities receive their finances from two sources: government funds, and own resources. The bulk of government funds come from the federal government through the HEC. However, provincial governments are also involved in the financing of HEIs through recurring allocation and bailout grants. Revenue from own resources includes tuition and other fees collected from students, income generated from conducting examinations and providing services to the affiliated institutions, and proceeds from investment, properties, and other services (Imaad & Nizamuddin, 2021).

As noted, since the governance of higher education was centralized and controlled by the Federal Government in the 1970s, during the next two decades, the provincial governments had no or little

responsibility to provide recurring grants to the universities. Isani (2001) notes that during this period only minor grants were provided by the Government of Punjab to the University of Arid Agriculture, and Fatima Jinnah Women University – both located in Rawalpindi. It should be noted that although the Federal Government shouldered the responsibility for financing universities, its contribution towards higher education remained relatively low. Before 2001, this had forced the universities to focus increasingly on their resources.

In 2002, the Task Force on Improvement of Higher Education in Pakistan highlighted that the total recurring budget allocated by the Federal Government for all public sector universities for the year 2001-2002 stood at 3.3 billion rupees – 2.9 billion for recurring costs such as salaries, and 0.4 billion for developmental grants (The Task Force, 2002). With greater focus on higher education, the increasing number of universities, and developmental programs in higher education, the overall allocation for higher education in the federal budget rapidly increased after the establishment of the HEC. By 2005-06, the budget for higher education had increased to 21.4 billion (10.5 billion in recurring and 10.9 billion in developmental); in 2008-09, it reached 32.2 billion rupees (15.8 billion as recurring and 16.4 billion rupees for developmental projects). In 2010-11, the higher education budget witnessed a drop to a total of 29.5 billion rupees (including 20.3 billion for recurring and 9.2 billion for developmental expenditure) (GOP, 2011a).

Figure 3: Change in higher education budget in Pakistan (2001-2010)



Source: GOP (various issues). Federal budgets of Pakistan.

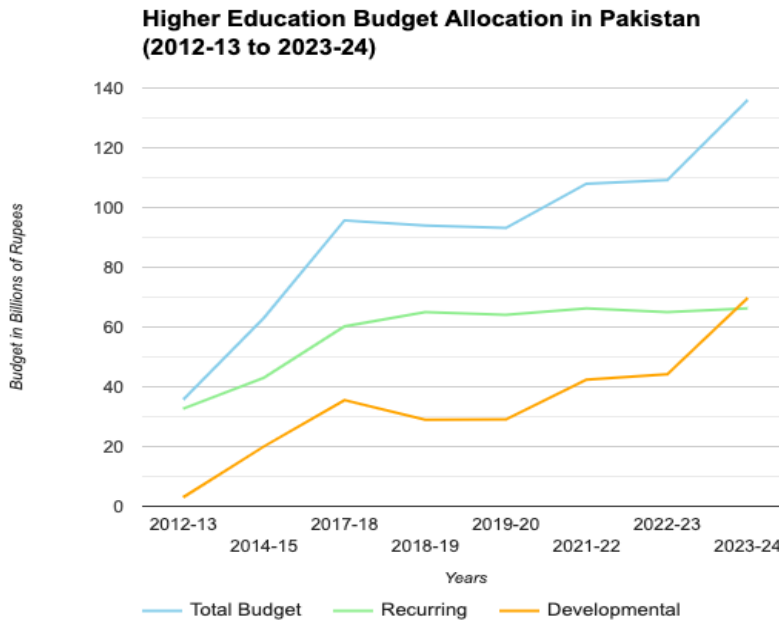
A few trends become apparent from the data. The higher education expenditure receives a significant boost after the creation of the HEC. The expenditure on the sector not only increased in real terms, but it also underwent a boost in comparative terms. For instance, expenditure on the sector also increased from 0.1% of the GDP in 2001-02 to 0.3% of the GDP in 2004-05. Similarly, as a percentage of the total budgetary spending of the government, the expenditure in the sector increased from 0.5% of the total budget in 2001-02 to 1.6% of the total national budget in 2004-05 (The World Bank, 2006).

Towards the later part of this period, even before the 18th Amendment came into effect, it appeared that the increase in spending started to slow down. Such a trend is particularly noticeable in the developmental budget that overtook the recurring expenditure in 2005-06 but it had to be slashed significantly in 2010-11. The decrease reflects the establishment of new universities and the increasing costs of the operations of the old universities putting strain on the resources of higher education. Hayward (2009) also argues that after 2008, the global economic crisis coupled with domestic political instability and economic troubles resulted in a reduction in the allocation for higher education (Hayward, 2009).

The year 2010 brought changes to Pakistan's governance landscape in two significant ways: One, the 18th Amendment (covered in detail in the foregoing sections) devolved subjects hitherto largely in the federal legislative list and administrative control; and two, the 7th National Finance Commission Awards granted provinces a greater share of governmental resources from the divisible pool. Education, as noted, was devolved to the provinces. However, debates surrounding the need for and the continued existence of the HEC under the new constitutional landscape were also far from settled.

The federal budgetary allocation towards the HEC, due to the lack of clarity on the devolution of universities, remained steady in the aftermath of the 18th Amendment. In 2012-13, the HEC received a total of 35.7 billion rupees from the government – 32.7 billion in recurring grants and 3 billion towards the payment of ad-hoc relief payments (Higher Education Commission, 2013). In 2014-15, the total federal allocation towards HEC was 63 billion rupees – 43 billion rupees in recurring and 20 billion in developmental expenditure (GOP, 2014). In the 2017-18 federal budget, the HEC received 95.7 billion rupees – divided into 60.2 billion recurring budget and 35.7 in developmental budget (GOP, 2017). During the year after, 2018-19, the overall budgetary allocation declined a total of 94 billion rupees – 28.98 billion developmental and Rs. 65.02 billion in recurring expenditure. After 2017-18, the federal government budgetary allocation for the HEC largely stagnated. In 2019-20, the total allocation for the HEC was 93.14 billion rupees – 64.1 billion in recurring and 29.04 billion in developmental allocation (Abbasi, 2021). In the year 2021-22, although the federal budgetary allocation saw an increase to 108 billion rupees, the increase was primarily in the developmental budget which was increased to 42.4 billion. The recurring budget for the year remained at 66.25 billion which was only marginally higher than the previous year. Similarly, in 2022-23, the government allocated 109.17 billion rupees – divided into 65 billion rupees in recurring and 44.17 billion rupees in developmental expenditure (Naqvi, 2022). In the federal budget 2023-24, the overall budgetary allocation for the HEC has been increased significantly to 136 billion rupees. 66.3 billion rupees were granted to the HEC for recurring expenditure whereas 69.7 billion rupees were for the developmental budget. 10 billion out of the latter head were reserved for the Prime Minister's Laptop Scheme.

Figure 4: Higher education budget allocation in Pakistan (2012-2023)



Source: GOP (various issues). Federal budgets of Pakistan.

The above data (represented in the graph) lends itself to interpretation in various ways. The most obvious is that despite the consistent increase in the number of universities and programs, it appears that the federal allocation to the HEC flattened since 2019. The trend is particularly visible in the recurring budgetary allocation. Universities meet their routine expenses such as salaries and pensions from the recurring budget. With the expansion of the existing universities and with the establishment of new universities, a stagnant recurring budget, in the absence of other mitigating factors (increased university revenue, cutting down expenses, and/or provincial government support) that might offset the deficits, the universities would find it difficult to meet their expenses. In this regard, some universities carry distinctive challenges – heavier and growing pension obligations, programs with relatively little enrollment, and large residential campuses, to name a few. These issues are highlighted later through a particular comparison of the governance and finances of the University of Peshawar, and the Institute of Management Science, Peshawar.

The graph also shows a significant increase in the development expenditure on higher education. This statistic also needs a greater explanation. While the developmental expenditure of the Federal government towards higher education appears on the PSDP for higher education this amount does little to unburden universities in their day-to-day expenses. For instance, the Prime Minister’s Laptop scheme and the establishment of new universities, often to earn political advantage, are included in the development expenditure. It does little to alleviate the growing burden of the routine expenditures of the universities. If anything, the establishment of the universities and new programs add to the burden of recurring expenses.

3.3.2 Provincial Governments

While collecting qualitative data through interviews, it was observed that a majority of the interviewees (current and former Vice Chancellors) believed that the provinces lacked legislative and financial capacities. This deficiency was seen as a significant barrier to adequately supporting higher education financially. One former Vice Chancellor specifically pointed out that the provinces have consistently lacked sufficient legislative and financial capabilities to effectively allocate resources and support universities. As a result, this has led to insufficient funding and a scarcity of resources for universities.

As noted, before the passage of the 18th Amendment, the provincial governments shouldered little financial responsibility for the universities. The expected devolution in the post-18th Amendment framework by the varying interpretation and ambiguous understanding of the effect of the amendment on higher education among the various stakeholders – federal and provincial governments and the HEC. The competing interpretations, as covered in the above sections, led to contrasting policies in the provinces regarding the management of the universities.

Sindh and Punjab established their Provincial HECs. For the first time in its budgetary history, the Government of Sindh allocated a specific amount for the universities when it set aside 5 billion rupees as grant for universities in the budget for the financial year 2014-15 (Finance Department, Government of Sindh, 2014). Since then, the Government of Sindh has incorporated comparable amounts in the provincial budgets for universities. Similarly, the Punjab Higher Education Commission received 112.8 million rupees from the Government of the Punjab in 2017-18, and the amount was gradually increased it to 300 million rupees in 2019-20 (Punjab Higher Education Commission, 2020). However, the allocations made towards universities by the provincial governments are insufficient to mitigate the growing deficit that universities face. Further, much of that amount is spent in establishing new universities and HEIs or in running the routine affairs of the Provincial HECs.

The other two provinces are yet to establish their respective Provincial HECs. However, following the 18th Amendment, these other provinces have also passed acts through provincial assemblies – such as the Khyber Pakhtunkhwa Universities Act, 2012, and the Balochistan Universities Act, 2022. However, the government in these provinces has shown hesitancy in incorporating grants for universities as a recurring feature of their respective provincial budgets. Rather, both these governments have emphasized that universities are autonomous bodies and that therefore, they should shoulder their responsibility for their financial liabilities. Further, their view is strengthened by the ambiguity created by the 18th Amendment and its aftermath. These governments have provided grants-in-aid from time to time to temporarily sustain the higher education sector (The Nation, 2022). The interviewees frequently discussed the financial challenges and budget constraints that universities encountered during the post-18th amendment period. One respondent noted that financing remained a significant challenge after the 18th Amendment. The decentralization did not bring about a corresponding increase in financial capacity, leading to ongoing budget constraints in higher education.

3.4 Universities Own Resources

Public sector universities vary widely in their sources of generating their own revenue as well as in their expenditure obligations. For instance, the budget of the Agriculture University Peshawar, passed by the university's Senate, showed an expected 774 million from the university's resources. This included income from students' fees, interest, and rents on university property and other sources. The expenditure on salary and non-salary obligations stood at 2.4 billion rupees, including approximately 600 million in employees' retirement benefits. For the same year, Abdul Wali Khan University Mardan, in its estimates, indicated total pension anticipated pension funds of 25 million. Unsurprisingly, Agriculture University Peshawar has existed longer and more of its employees have been retired from their service than Abdul Wali Khan University Mardan. The marked difference in just this one area illustrates the relative difference between public sector universities in their obligations.

Current and former Vice Chancellors of public sector universities highlighted a number of challenges to the question of expanding universities' own resources. They highlighted that increasing fees often translates into a decline in enrolment since some of the new universities are located in areas with widespread poverty. Colleges charge much less fee and with any enhancement in the fee structure, students prefer receiving their degrees from colleges where they get the same degree. The issue of commercialization of research and academia-industry linkages has been discussed in greater detail in later paragraphs.

In addition to the above discussion, it should be noted that the fiscal space for the federal government has contracted on several interrelated issues. The NFC Award since 2010 left the federal government with a lesser share of overall resources. At the same time, the federal government's obligations towards loan financing continue to grow. The federal government is also under pressure from the IMF to reduce its role in subsidizing public services, in particular in its role towards subjects that have constitutionally been devolved to the provinces (Pakistan Today, 2023).

3.4.1 Beyond 18th Amendment: Assessment of the Universities' Strategies in Coping with the Freezing of Government Allocation

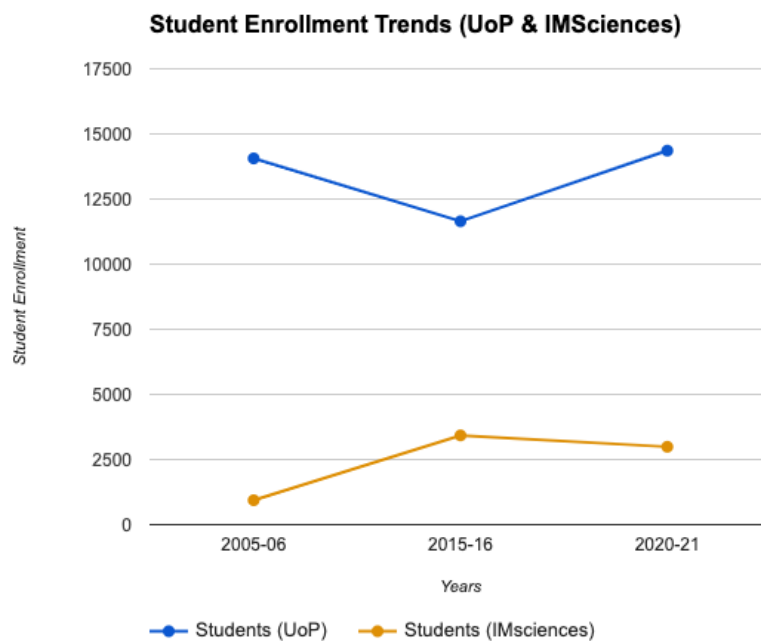
The following sections look at the various ways in which public sector universities have tried to enhance their resources as the governmental resources diminished. The section looks at the growth of faculty and staff in the universities in comparison with the increase in the number of students enrolled. Later parts also look at the performance of initiatives such as the commercialization efforts that the HEC promoted through initiatives such as academia-industry linkages through the establishment of the Office of Research, Innovation, and Commercialization (ORIC) and the establishment of Business Incubation Centers (BICs), and Quality Enhancement Cells (QECs). The sections also measure the impacts of exogenous factors such as the COVID-19 disruptions and the resultant diminishment of the classroom size. Further, the study points out expansion efforts in higher education such as the establishment of new departments and centers, and how these might have added to the recurring expenses in universities. In this analysis, the study relies on interviews with university administrators, faculty and staff members, and publicly available budgetary documents of universities.

Although data from various HEIs is considered in this analysis, a closer comparison would be made between the University of Peshawar and the Institute of Management Sciences (IMSciences), Peshawar. Whereas the University of Peshawar has struggled for resources, the IMSciences has been able to financially sustain itself. The comparison brings to light the challenges and the shortcomings of general public sector universities.

3.4.2 Increase in the Number of Students and the Recruitment of Faculty and Staff

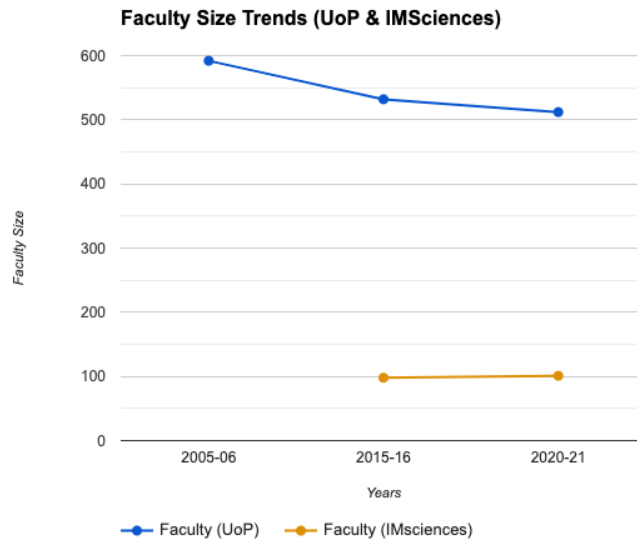
With the expansion in the support from the Higher Education Commission, the number of faculty and staff in public sector universities rapidly expanded. According to the University of Peshawar Annual Report 2005-06, the total number of teaching faculty stood at 592, whereas the number of non-teaching staff stood at 2159. The number of full-time students enrolled on campus stood at 14,060. During the same year, the newly established IMSciences had a total enrollment of 937 students. The Institute does not provide data on the total number of full-time faculty for that year. By 2015-16, the enrollment of students in the University of Peshawar dropped to 11,647. Similarly, during this time, the total number of faculty members also dropped to 532. For IMSciences, in 2015-16, the number of students reached 3427. The total number of full-time faculty in the Institute stood at 98. The last annual reports, the two HEIs have compiled are for the year 2020-21. The number of full-time students in the University of Peshawar rose to 14359. The number of faculty serving at the University declined to 512. In the IMSciences, in the year 2020-21, the total number of students stood at 2990, while 101 full-time faculty members served at the Institute – showing only a slight increase.

Figure 5: Student enrollment trends (UoP & IMSciences)



Sources: University of Peshawar. (various issues). Annual reports. & Institute of Management Sciences, Peshawar (various issues). Annual reports.

Figure 6: Faculty size trends (UoP & IM Sciences)

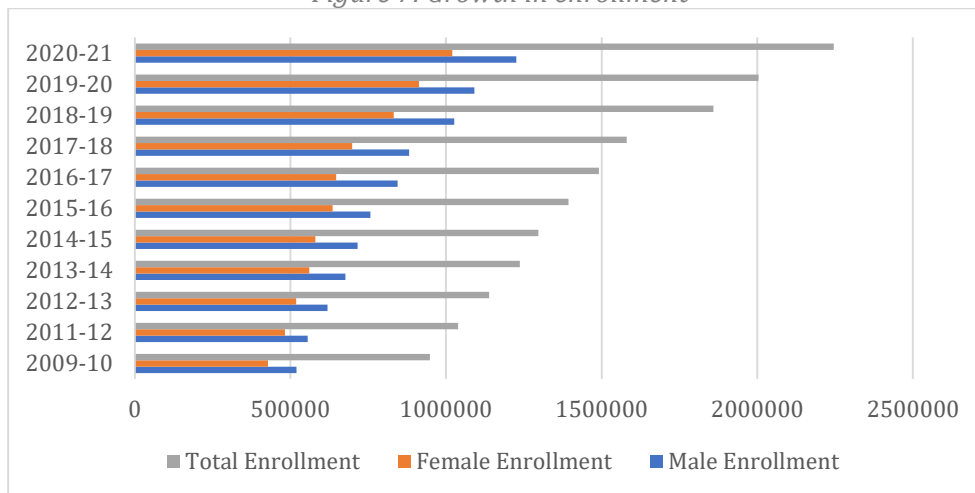


Sources: University of Peshawar. (various issues). Annual reports. & Institute of Management Sciences, Peshawar (various issues). Annual reports.

Several trends can be analyzed from the data: the data do not show a significant increase in the number of faculty members in either institution. There is a three-fold increase in the number of students at the IMSciences. However, that can be attributed to the initial low enrollment in the Institute. The University of Peshawar is a much older organization, and such an increase in its enrollment would be unlikely.

A better comparison is in terms of the revenue that IMSciences and the University of Peshawar generated through fees against each student. In 2020-21, the IMSciences estimated Rs. 379 million in student fees. With 2990 students, it amounts to an average tuition fee of Rs. 126,755 per student. During the same year, the University of Peshawar would receive Rs. 410 million from 14,359 students, making it an average of Rs. 28,358 per student.

Figure 7: Growth in enrollment



Source: Higher Education Commission (n.d.).

The University of Peshawar Treasurer, Amjed Amin, cited several reasons for the low revenue generation through tuition fees: First, the university was unable to ensure that students paid their fees in time. Often, a student would pay their fee in the first semester and then continue to study in the university without paying any more fees until the student reached graduation. Invariably, many students would drop out and never pay their dues. Second, he noted that the overall fees of the University of Peshawar were lower than at the IMSciences. Third, regarding the growth in the number of students and faculty, the Treasurer claimed that the actual strain on the University resources was the high number of non-teaching support staff. The HEC's prescribed ratio for teaching and non-teaching staff is 1:1.5. However, due to the high number of recruitments of support staff in the University, the ratio stood at 1:4.2 in the mid-2010s. Since the funds from the HEC have been capped, the university administration has put more effort into recovering student fees. The university has also ceased new recruitment. The amount generated through fees has increased to about Rs. 950 million, and the ratio of teaching and non-teaching staff has also corrected towards 1:2.5. The same trend is noticeable in older general universities nationwide. For instance, the University of the Punjab pays approximately 26 percent of its expenditure in salaries to non-teaching staff, compared to 18 percent to the teaching faculty.

3.4.3 Pension Expenditure Comparison

Pension expenditure is arguably the most important metric for understanding the financial crisis in older universities where most employees are recruited under the Basic Pay Scale. The retirees under the system expect the same benefits extended to government officials. Some of the newly-established HEIs, such as the IMSciences have adopted either Tenure Track (TTS) pay scales or Special Pay Scales (SPS). These structures offer better pay and benefits during service without promising substantial retirement benefits. For comparison, the IMSciences budget for the year 2023-24 makes no mention of expenditure towards retirement benefits. The University of Peshawar budget for the year 2021-22 suggests an estimated cost of pension to employees at more than Rs. 1.1 billion which overshadows the BPS salary expenditure standing at Rs. 952 million. The pension liability of the University of Peshawar is greater than the deficit (Rs. 1.08 billion) for the year. During the past two years, the pension liabilities of the University of Peshawar have expanded further. Furthermore, the IMSciences receives proportionately more contribution towards TTS faculty salary than the University of Peshawar. The same trend can be witnessed in older general universities nationwide. As one notable example, the University of the Punjab's pension liability stood at Rs. 2.08 billion in 2022-23. To emphasize the point, the University of Punjab allocated Rs. 330 million towards pension in 2010-11 and Rs. 1.8 billion towards salaries. Whereas the expenditure on salaries has witnessed a growth of about 20 percent between 2010-11 and 2022-23, the pension cost has increased by nearly 600 percent. The University of Peshawar's pension expenditure stood at Rs. 600 million in 2015-16. It has since doubled in volume. Newer public-sector universities that are recruiting faculty and staff under the BPS rules have smaller portions of their expenditures allocated to pension liabilities. However, with time, these HEIs will have to set aside more resources towards pension.

The University of Peshawar, in particular, deepened its financial crisis by agreeing to shoulder the pension burden of the employees of Islamia College University at the time of the latter institution's ascension to an independent university. When the decision was taken, before the current financial

crisis, the university administrators were under the illusion that the flow of resources to universities would continue to increase as it had done in the previous few years.

It should be noted, however, that the accumulation of pensions as a significant area of expenditure is not unique to universities. *Dawn* (2023) indicated that the provincial government paid Rs. 462 billion towards the pensions of retired civil servants in 2023-24. The study projected that the pension expenditure will surpass Rs. 2 billion by 2050.

3.4.4 The Impact of the Newly-Established Universities and the Introduction of BS Programs in Public Sector Colleges

The rapid pace of the establishment of new universities, since the establishment of the HEC, has been discussed in detail in the foregoing sections. The stagnation in the federal budgetary allocation to universities has ensured that the limited resources are distributed among a growing number of HEIs. When the interviewees—former and present vice-chancellors of public universities—were asked about the post-amendment growth of higher education institutions and the spread of universities throughout the province of KP, they expressed skepticism. Most thought that while this expansion looked great at first, it eventually resulted in resource dilution and financial strain. A former Vice Chancellor restated that this expansionist approach lacked a long-term financial viability plan and was motivated more by political considerations than by sound planning. A current vice chancellor claimed that this approach had little effect on increasing access to higher education for larger segments of society. Conversely, only a small portion of the population benefited from higher education, and older universities' financial standing suffered as a result. The majority of respondents said that this policy was poorly thought out, reckless, and a big part of the current financial crisis in higher education institutions.

However, the impact of the new universities on the finances of the preexisting institutions goes beyond the distribution of governmental allocation. The Affiliation Section of the University of Peshawar informed the research team that under the new rules, universities can only grant affiliation to institutions based on their geographical jurisdiction. The University of Peshawar received more than Rs. 16 million in affiliation fees from institutions affiliated with the University in 2016-17. However, by 2021-22, instead of increasing, the revenue from affiliated institutions was reduced to Rs. 9 million.

Similarly, due to the establishment of universities and the initiation of the 4-year BS programs in colleges in every district of the province, student enrollment in many departments in major universities has declined sharply. In the year 2023-24, several departments in the University of Peshawar, including departments of Philosophy, Regional Studies, Social Work, Statistics, Archeology, and Gender Studies, failed to attract an adequate number of students to meet their expenses. The research team interviewed several students from public sector colleges. The students noted that they paid Rs. 6,000 per semester in dues to the college for receiving the same degree for which the university charges approximately Rs 70,000 per semester.

The Treasure of the University of Peshawar pointed out that various departments and constituent bodies such as university-run schools and colleges are also a drain on the university resources. Specifically, he noted that running the Department of Gender Studies, for instance, cost the university approximately 23 million rupees while the enrolment at the department stood at less than 20

students. Similarly, the university schools that can be a source of revenue generation, if run more efficiently, in fact cost the university millions in deficit due to the subsidized education that these schools offer university employees, and the overall low fees levied on students from outside.

Similarly, the Controller of Examination offices of various universities noted that the revenue from conducting private examinations which constituted a major source of income for universities has ended with the phasing out of the two-year BA and MA/MSc programs. At one point, the University of Peshawar conducted private examinations for more than 50,000 students. As things stand, there will be no future private examinations for BA and MA programs. Some of the loss has been counterbalanced by the conduct of the associate degree and the examination of the affiliated colleges. However, the gap has not been plugged. The University of Peshawar received Rs. 400 million from private examinations in 2015-16. However, in the 2023-24 budget, the total income generated from examination services extended to the affiliated colleges, regular students at the University of Peshawar, and the remaining private students is estimated at Rs. 350 million.

3.4.5 Commercialization Efforts at Universities

The establishment of the Office of Research, Innovation, and Commercialization is the key policy of the HEC towards making the HEIs more self-sustaining and commercially viable. The HEC's ORIC Policy (2021) notes its mission is to "support Pakistani universities into becoming centers of innovation, high impact applied research, and entrepreneurship" (Higher Education Commission, 2021). At the moment, 89 ORICs have been established in the HEIs. HEC weighs the performance of ORICs on a W-X-Y scale – "W" is the highest grading. For 2022-23 (the latest year for which the performance report is published), IMSciences is graded "Y", while the University of Peshawar remains non-compliant for failing to report its activity to the HEC.

When we asked various Vice Chancellors about the role of commercialization offices in reducing the financial problems of universities, we received mixed responses, both positive and negative. Some current and former Vice Chancellors were optimistic, believing that these offices had the potential to develop new revenue streams and bridge the gap between academia and industry. Others, on the other hand, expressed doubts about the true function and effectiveness of these offices, contending that they were ultimately very unproductive and had not been able to prevent the universities' fiscal stagnation. Most respondents thought that these commercialization offices were set up hurriedly and without enough thought put into how they would fit within the university framework.

The 2022-23 budget of the Institute of Management Sciences apportioned Rs. 2.5 million towards the operational cost of ORIC. The income from collaborative and contract research and consultancy and testing services extended by the Institute stood at Rs. 3.98 million, for the year before. Considering the operational cost of ORIC, this provides a slight surplus. The University of Peshawar has estimated a total income of Rs. 10 million from collaborative research and consultancy. Given the size of the reputation of the University and its financial deficit, it is an insignificant amount. Further, it would be problematic to correlate growing research collaboration with ORICs. The Office acts largely as another bureaucratic step that researchers from HEIs go through to execute their research projects. In our interviews with researchers, we were told that faculty members secured grants without input or assistance from their respective ORICs. ORIC was generally involved in the actualization process after the grants had been secured. Further, its involvement was limited to paperwork.

CONCLUSION

The current financial crisis of the public sector HEIs can be attributed to three factors: the post-18th Amendment ambiguity related to the status of higher education and the unwillingness of both the federal and provincial governments to shoulder financial responsibility for the HEIs; policies of expansion of higher education, in the form of recruitment under the TTS and BPS, the establishment of new HEIs and BS program in colleges, without considering the financial sustainability question; and the failure of the HEIs to secure new venues of commercialization and innovation.

The 18th Amendment devolved higher education to the provinces. However, due to the decision of the Supreme Court regarding the autonomous status of the HEC under the existing law, the recommendation of the 18th Amendment Implementation Committee that the Federal Government should continue to shoulder the responsibility for higher education until the next NFC Award, and the failure to pass a new law by the parliament to make the matters unambiguous contributed to complicating the devolution of the subject.

The expenditure on higher education was expanded after the establishment of the HEC in 2002. HEIs had little incentive to act with caution in expanding to new programs with little care for financial sustainability. Further, universities were established nationwide for political rationales. Furthermore, the BS program was extended to colleges. The trend resulted in the creation of universities with low enrolment. More expansion means more employees and that means more pensions.

Despite the push for incentivizing research and proclaiming industry-academia linkages, there has been little genuine economic, industrial or technological progress that can be attributed to the HEC's research drive. Across universities, ORICs function as a procedural barrier (or occasionally facilitator) in research projects. However, during this research, no respondent argued that they were able to secure their grants because of ORIC in their organization.

RECOMMENDATIONS

Our research team identified three broad recommendations from current and former vice chancellors on how to improve the financial condition of public sector universities. They emphasized that: (1) allocating adequate budgets and removing bureaucratic obstacles are necessary for significantly improving university governance; (2) effective leadership is essential, with university vice-chancellors and administrators needing a clear vision and the ability to implement strategic plans, thereby driving institutional improvements and enhancing overall governance; and (3) curriculum and degree structures must be reviewed and updated to adapt to modern educational needs and align with global standards, improving the quality and relevance of higher education.

Based on these suggestions by the vice-chancellors and given the conclusions drawn from the study, we present the following policy-relevant recommendations:

1. **Settling the Responsibility Question:** A new law should be passed at the federal level that delimits the role of the HEC and align it with the provisions of the 18th Amendment. The new law should delineate the role of the HEC as a federal body limited to the relevant items in the Federal List of the Constitution, such as international agreements on higher education and standardization of higher education. The remaining powers and responsibilities should accordingly be devolved to the provincial governments.
2. **The 8th National Finance Commission Award** should be finalized on an urgent basis. Debating and enacting a fresh NFC Award is not only a constitutional requirement but will also help clear the ambiguity surrounding the financing of HEIs. In the absence of the award, the HEIs are under the legislative domain of the provincial government, whereas they continue to receive funds from the Federal Government.
3. A moratorium should be imposed on the establishment of new HEIs. No new public sector universities or programs should be established without a clear industry need or an unambiguous financial sustainability plan.
4. Commissions should be established to ponder the future of universities and programs with low enrolment. There is a case for the merger of HEIs in closer proximity. For instance, multiple general universities in the same district such as those in Swabi and Mardan, and universities that are in districts with closer proximity such as Karak and Kohat can be merged. Similarly, departments and institutes drawing too few students to keep them financially feasible should be merged with other disciplines or abolished altogether. The question of the future of the employees will be the thorniest. However, the decisions should be made with the understanding that the creation of these HEIs was a political decision, and employees should not suffer as a result.
5. Departments with low enrolment should be merged with other departments. Such mergers can take the form of abolishing certain programs and making use of the department faculty by allocating their services to allied disciplines. In other cases, the departments can be merged with other departments without abolishing the academic program. This latter solution would reduce the number of non-academic staff in these departments and centers.
6. A long-term solution for the expanding pension outflow must be found. The challenge extends to the whole public sector including the universities. In the future, appointments can be restricted to

TTS or SPS that have no pension liability. Further, universities also need to find better venues to invest their pension funds. An earlier report by Naeem Firdaus Khan of the Strategic Support Unit proposed the setting up of a provincial University Consolidated Pension Fund.

7. HEIs are producing research with little tangible economic or policy impact. Commercialization efforts have to be assessed against actual economic or policy impact. ORICs have to find genuine partnerships with businesses and industry to channel research into economic output.

8. There is a need for an academic audit of the HEC and HEIs' performance under the various policy and governance regimes since 2002. The HEC assesses its own performance through quantitative indicators, especially through the number of universities, research publications, and graduates at various levels of education. However, the quality aspect of the equation and whether the HEC's policies have contributed to national development, in any meaningful way, has been sidestepped. An honest review through a national-level dialogue is required for a course correction.

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