Public Investment in Education

COVID-19 & Other Emergencies in the Past

A White Paper
2021

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Contents

Executive summary	01
A historical look at Pakistan's budgeting process	02
COVID – 19 & education financing	03
Recommendations	07
Bibliography	08

Executive summary

Education is recognized as a fundamental human right by the state of Pakistan. Article 25-A of the Constitution pledges to fulfill this right by making it obligatory on the state to "…provide free and compulsory education to all children of the age of five to sixteen years…"

While this constitutional promise is an explicit acknowledgement of the basal role of education in the human and economic development of Pakistan, more often than not, education has been treated as a low priority sector by subsequent governments. Public sector investment in education has remained abysmally low throughout the country's history, resulting in dismal enrolment and retention rates, an acute lack of educational infrastructure (especially at the secondary level) and extremely low learning outcomes.

The inadequate priority accorded to education also manifests itself in the fact that currently, 22.8 million[1] children, aged 5-16 years, in the country are out of school – making Pakistan host to the second largest population of out-of-school (OOS) children in the world. It is important to point out here that 12.6 million or 55.2 per cent of these out-of-school children are girls.

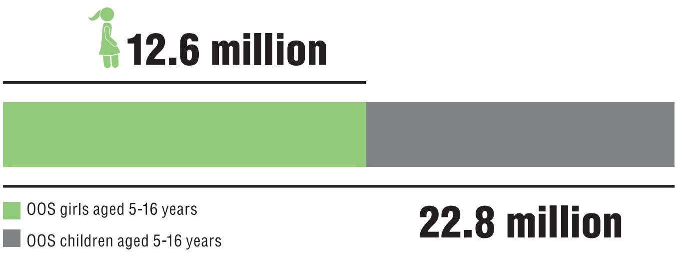


Figure 1: OOS-children aged 5-16 years in Pakistan

These sobering realities demand an immediate expansion in terms of both infrastructure and capacity. For such expansion to materialize, there is in turn a need for an extraordinary amount of unprecedented public investment in the education sector.

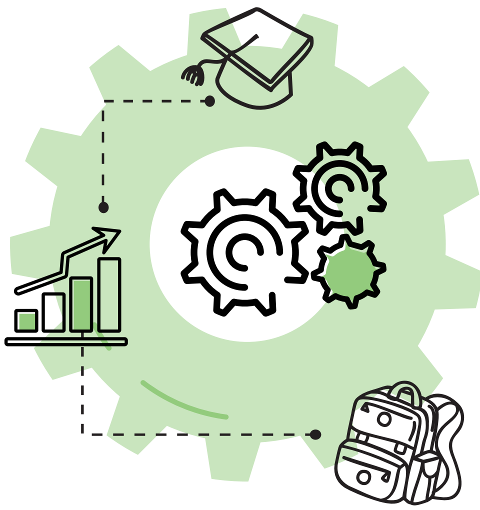
A recent study[2] in Pakistan, estimated that an investment of Rs. 6.5 trillion over the next ten years (i.e., 2021 – 2030), was required in the education system to educate all the currently OOS girls alone. If OOS boys too were to be taken into account, this stipulated amount would stand at Rs. 12 trillion. It is worth pointing out here that between 2010 and 2020, the government's overall spending on education stood at about Rs. 6 trillion. Accordingly, for Pakistan to graduate beyond its current – and persistent – state of education emergency, the country must, at the very least, double the amount spent on education by 2030.

The acutely dreary education sector indicators are not a standalone phenomenon. They have a significant fall-out on the country's ability to develop at a faster pace during relatively "good times" and make Pakistan's economy highly vulnerable to economic shocks during times of emergency. Interestingly, emergency situations and their economic aftershocks in turn force governments to further curtail funding to the already underfunded education sector. This creates a vicious cycle whereby lack of development in the educational sector makes the country susceptible to economic shocks and successive economic shocks make it difficult to prioritize investment in education.

An earthquake in 2006, global financial meltdown in 2008, and floods in 2009 and 2010, all resulted in drastic cuts on education sector spending. More recently, the COVID-19 crisis, once again resulted in cuts on education spending with education development expenditures taking the major brunt.

While on the surface it might seem like an impossible situation, a close examination points at the fact that consistently dismal state of education financing in Pakistan is not necessarily a culmination of a series of crisis situations. Quite on the contrary, it has its roots in structural constraints underlined by unscientific, unpredictable and unsustainable patterns of public investment.

This paper will explore the key lacunae in Pakistan's existing financial planning and management and outline how these gaps can be addressed to enhance investment in education and other social sector subjects from within the given resource pool.



[1]The figure is stated in Pakistan Education Statistics, 2016-17. Though the Government has recently released Pakistan Education Statistics 2017-18, but the information on the latest number of out-of-school children and their breakdown has not been made public.
[2]Khan, Asim Bashir (2020), Bringing All the Girls to School: A Case for More Investment, published by Pakistan Coalition for Education.

A historical look at Pakistan's budgeting process

Pakistan is a federal country and has three tiers of government, i.e., federal, provincial and local. After the Eighteenth Constitutional Amendment, the subject of school education was exclusively delegated to the provincial governments. This means that by and large the administrative and financial decisions regarding the education system have been devolved to the provinces. The Federal Government on the other hand, is responsible only for school education within its geographic jurisdiction and higher education on the whole.

That said, despite the Federal Government no longer having a say in matters of operational and financial management of school education outside federal territory, it nevertheless remains an important stakeholder influencing provincial priorities. This influence stems by virtue of the Federal Government's role as the treasurer of the largest pool of national revenue, i.e., taxes.

Where does the money come from?

For any study on public finances, it is important to understand the consolidated position of revenues.

Historically, the Federal Government collects the lion's share of tax revenue. Following the Eighteenth Constitutional Amendment, General Sales Tax (GST) on services and a few other taxes were devolved to the provinces.[3] This move was aimed at enabling the provinces to improve their tax collection. And so, where the cumulative tax collection of provinces as a percentage of consolidated tax collection stood at 4 per cent prior to 2010, it improved to 8.9 per cent by 2020.

Nevertheless, the Federal Government's tax collection constitutes over 90 per cent of the consolidated taxes. This makes annual financial transfers from the Federal Government to the provinces a necessity.

The significance of these federal transfers can be gauged from the fact that since 1970 the relative size of the provinces' own revenues contributed in their budget has been declining over time, indicating an ever-growing provincial reliance on annual federal transfers.

Federal transfers & how they impact investment in education

The federal transfers to provinces constitute the single largest head of their revenues; thus these vertical transfers from federal government have a defining role in development planning, budgeting, execution and decision-making processes at the provincial level. It goes without saying that any cuts on planned/budgeted provincial transfers tremendously affect the provinces' planning and capacity to propel social sector development such as that of the education sector.

Every successive year since 2010, the year of the Eighteenth Amendment, has witnessed routine cuts to planned provincial transfers. Balochistan remains the only exception because after the National Finance Commission (NFC) Award 2010, the province was accorded special exemption from regular federal transfer cuts.[4] In the case of all the other provinces each year, unmet tax targets by the Federal Government result in cuts to the provincial share in the divisible pool of taxes. From 2010-2020, with the exception of 2015-16, every year the Federal Government has significantly cut the planned/budgeted transfers to the provinces.

Since provinces' capacity to finance their own expenses has not increased significantly over time due to the low provincial tax effort, the deduction from the Federal Government affects their planned development priorities including those within the education sector.

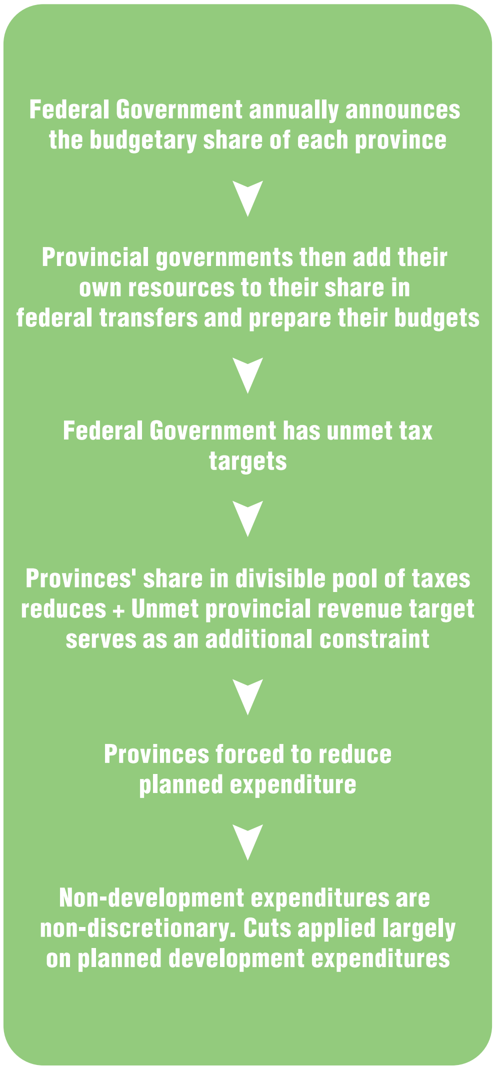


Figure 2: How unmet tax targets and federal transfers to provinces impact development priorities

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[3] 8th April 2010
[4] As per National Finance Commission Award, 2010

Provinces	Budget Composition	1970	1990	2010	2019
PUNJAB	Internal provincial revenues	31.38	17.66	17.04	16.55
	Federal transfers & loans	68.62	82.34	82.96	83.45
SINDH	Internal provincial revenues	19.50	14.20	12.40	20.47
	Federal transfers & loans	80.50	85.80	87.60	79.53
KP	Internal provincial revenues	15.00	8.23	12.14	6.87
	Federal transfers & loans	85.00	91.77	87.86	93.13
BALOCHISTAN	Internal provincial revenues	1.65	4.02	4.46	6.14
	Federal transfers & loans	98.35	95.98	95.54	93.86

Source: Author's computation from Annual Budget Statements of federal and provincial governments, various issues.

Table 1: Provincial expenditures and role of federal transfers to provinces (%)

Cuts in education budgets – the dilemma of incremental budgeting

When faced with cuts to federal transfers, it becomes unavoidable for the provinces to introduce cuts within their own planned expenditures. Instead of following a scientific approach whereby actual needs of each sector are weighed in during the decision-making process, an incremental approach to budgeting is adopted. Put simply, an incremental approach to budgeting entails adding a certain percentage to the preceding year's budget.

By design this approach has three major drawbacks. Firstly, it benefits those accounting heads that constituted a larger magnitude in the previous budget. For this reason, the increase in non-development expenditures is always disproportionately higher than development expenditure. Secondly, because non-development expenditures (e.g., salaries, pensions, utilities etc.) are non-discretionary, therefore only development spending is targeted when making cuts. And thirdly, this approach completely disregards the actual future needs and challenges of the education sector. To add, this already unscientific process of budgeting is further marred many a times by political interference in terms of skewed preferential treatment accorded to the constituencies of the ruling political parties. These factors in turn make initial budget announcements highly unreliable.

For these reasons, gradually the relative share of non-development expenditure within education has disproportionately increased compared to development expenditure. The relative development expenditure on education in 1960s and 1970s stood at about one-third and one-fourth of the total educational spending respectively. This declined to a mere one-tenth by 2019.

It is also important to note that for every 100 rupees of cumulative spending on education, approximately, only 10 rupees are spent on development priorities (e.g., funds necessary for bridging infrastructural gaps and for demand side interventions, such as stipend programs for OOS children, midday meals in schools, more robust enrolment campaigns etc.). The rest of the budgeted amount goes into servicing non-development expenses.

This pattern has remained consistent over a prolonged period of time – both during times of relative economic prosperity and during periods of emergency. It is, thus, not unreasonable to argue that while emergency situations such as the on-going pandemic do curtail the ability of the government to prioritize education financing, the root-cause of the problem however, lies not in a series of unfortunate events but an acute lack of capacity to program the annual budgets according to the actual future needs and challenges vis-à-vis education.

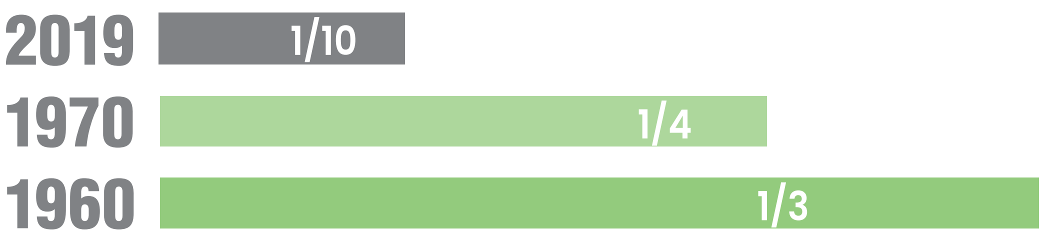

Figure 3: Relative share of development expenditure within education over the decades

COVID – 19 & education financing

Approximately, 42 million school going students of pre-primary to higher secondary levels have been directly affected by the COVID-19 crisis in Pakistan. The situation is likely to exacerbate the vulnerabilities of an already weak education system.

During lockdown, the importance of electricity, internet connectivity and availability of computer systems also garnered attention. These long-standing issues became all the more relevant following school closures as the absence of these facilities effectively halted the learning process of the majority of Pakistani children. While making access to education possible for these children occupied one part of the debate, the other side of the discourse reflected on the potentially colossal learning losses that these disadvantaged children would incur as a result of prolonged school closures. As has invariably been the convention, girls, at every educational level were worse off than boys.

In addition to pre-existing barriers, recent data emerging from Pakistan suggests that girls' access to formal education is further expected to recede as a result of the steep decline in household incomes. With many households still struggling with the financial toll experienced during the initial lockdown phase, many girls of school-going age are expected to either enter labour to supplement their household incomes or simply be withheld from going to school to curtail household expenses.

With this sobering background, Pakistan no longer has the luxury to focus on bringing the pre-pandemic figure of 22.8 million out-of-school children into schools but must now actively strategize to prevent a roll-back on important gains made vis-à-vis education, especially girls' access to education in the last decade.

Economy after COVID-19

Much like the rest of the world, the COVID-19 crisis took a toll on the economic and social livelihood of the Pakistani state and citizens.

During the fiscal year 2019-20, the federal tax target was downward revised by 28 per cent i.e., from a budgeted tax target of Rs. 5.8 trillion to Rs. 4.2 trillion. Similarly, as country after country went into lockdown mode, Pakistan's external trade, especially with some of its major trading partners, (i.e., China, USA, UK, Japan and Germany) saw a major disruption. By the last quarter of the fiscal year 2019-2020 it was explicitly clear that Pakistan would not be able to meet its annual revenue target and with the decline in economic activity, federal and provincial governments evidenced corresponding decline.

In the last quarter of the fiscal year 2019-2020, the State Bank of Pakistan (SBP) in its annual report estimated that Pakistan's real GDP had contracted by 0.4%, "…making it the first time since the fiscal year 1951-52 that the country recorded a negative economic growth."[5] This negative economic growth was attributed to the outbreak of the coronavirus pandemic and its adverse, far-reaching impact on the business activity in the country.

The International Monetary Fund (IMF) also projected the COVID-19 shock to take a severe toll on Pakistan's balance of payments, resulting in new financing needs of around $2.0 billion in the last quarter of 2019-2020.

The impending economic crisis triggered by significantly reduced internal and external revenue not only threatened to curtail the government's ability to cope with the pandemic at hand but also meant financial implications for all other sectors including education.

However, since the preparedness of federal and provincial governments in Pakistan for such an unprecedented crisis was weak, therefore, the international community, donors, World Bank and the Asian Development Bank (ADB) offered generous financial support. Pakistan received financial support in terms of loans and grants amounting to $2.23 bn[6] (including $1.4 bn of IMF member support emergency financing). The Government of Pakistan was also granted debt suspension amounting to $1.7 bn[7] under a Debt Service Suspension Initiative (DSSI) to create much-needed fiscal space to fight against COVID-19.

Effectively then, Pakistan was successful in managing and averting an imminent financial disaster. IMF and donors' support worth $2.23 bn and an initial debt suspension of $1.7 bn granted additional relief and fiscal space to the government.

In November 2020, G20 countries further extended the suspension period for another 6 months until June 30, 2021. Under this initiative (i.e., DSSI-II), the period of repayment will be 6 years including a one-year grace period. Pakistan will be able to defer around $0.8 bn through this arrangement.[8]

However, while the government, thanks to the generous support it received, was able to hoodwink a massive economic downturn, at the micro level, businesses and household incomes suffered disproportionate reduction and losses due to the lockdown.

"During the last two decades poverty rate declined by 40 per cent to 24.3 per cent in 2015, lifting more than 23 million out of poverty cycle, however, the recent estimates by IMF suggest steep rise in poverty to 40 per cent."[9]

The woes of the common citizens had begun even before the pandemic had struck. It is worth noting that the economy had already shrunk in terms of a decline in GDP before the start of the crisis. Real average annual GDP per capita that stood at Rs. 65,351 in 2017-18 had reduced to Rs. 64,000 by 2019-20.[10] This downward trajectory was further aggravated with frequent increases in prices of food basket and non-food items such as gas and electricity, resulting in the reduction of purchasing power. The arrival of the pandemic and the lockdown period further decreased average household income and also led to the exhaustion of private savings.

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[5]Geo News, 18 November 2020 https://www.geo.tv/latest/319195-after-1952-pakistan-saw-04-negative-economic-growth-in-fy20-due-to-coronavirus-sbp, Accessed on Macrh 12, 2020
[6]Asian Development Bank [$50 million (April 2020)], World Bank [$200 million (April 2020)], Asian Development Bank [$300 million (April 2020)], Government of Norway [$5.28 million], USAID ($3 million), Asian Development Bank through United Nation International Children Emergency Fund [$2 million].
[7]Economic Affairs Division, Ministry of Finance, Government of Pakistan, Islamabad.
[8]Debt Policy Statement, January 2021, Ministry of Finance, Government of Pakistan, Islamabad.
[9]COVID-19 – Pakistan Socioeconomic Impact Assessment & Response Plan, Version May 1, 2020
[10]Author's calculation from Economic Survey of Pakistan, 2019-20. These are government published figures, whereas independent estimates suggest an even lower figure.

This situation certainly demanded an extensive universal social protection initiative. Accordingly, the Federal Government disbursed Rs. 179.2 bn under the Ehasaas Emergency Cash Program to 14.8 mn beneficiaries till 14 January 2021. Due to the initial shortfall in revenues, the need to reprioritize expenditures and the urgency to increase public spending for fiscal stimulus, the budget deficit was expected to exceed the target of 7.5 per cent of the GDP and was likely to go up to 9.4 per cent.

However, as earlier detailed, the support received from the international community in terms of grants, bail-outs and loan deferrals not merely enabled the economy to accomplish stability but also allowed the government to claim an early, V-shaped recovery.

This encouraging accomplishment was narrated by the Pakistan Bureau of Statistics (PBS) based on the findings of a survey that comprised of Primary Sampling Units of 6000 households across Pakistan:

"In Pakistan 35 per cent of the population, 10 years and older i.e., approximately 55.74 million was working before the onset of COVID-19. However, due to closure of activities after implementation of lockdown, it is observed that this declined to 22 per cent (35.04 million population approximately). The most affected province was Sindh for which the working population reduced to 23 per cent during the COVID period (April-July) as compared to 38 per cent before the shock, followed by Punjab with 14 percentage points decline and Balochistan with 11 percentage points. However, it is heartening to find that after July the recovery process started and 33 per cent of population reported working i.e., approximately 52.56 million, almost a V shape recovery."[11]

By claiming the feat of a V-shaped recovery, the government also effectively acknowledged that the tide of anticipated financial losses had been reversed. An early and sustained path to economic recovery coupled with international monetary support in turn means that the state does, in fact, have the fiscal space to prioritize development spending on education and other social sector subjects.

Pre- and post-COVID-19 cuts on non-development & development expenditure within education

The previous sections of this paper have extensively delved upon the structural lacunae in Pakistan's existing fiscal planning and management processes. The paper has also explicitly established that by virtue of their non-discretionary nature, non-development expenditures are downward rigid making routine cuts on development budgets inevitable.

This chapter will further illustrate this phenomenon by drawing a comparison between the development spending within education during both emergency and non-emergency years.

Let's begin by considering the case of the fiscal year 2017-18. Despite Pakistan enjoying a relatively good financial standing that year, huge cuts were applied to the education development budgets. Punjab, Sindh and Balochistan applied more than 40 per cent cuts to their planned budgetary provisions for education while the Federal Government applied a one-third cut. The government of KP fared better than all other regions by reducing the education budget by 4.3 per cent, which was comparatively not that significant.

Similarly, during another pre-COVID year, i.e., 2018-19, Sindh slashed its development budget for education by 62 per cent, followed by Balochistan, 54.4 per cent, Federal Government, 49.1 per cent and KP, 14.7 per cent. Punjab cut its education development budget by 5.5 per cent, which was considerably less disappointing.

It is also worth pointing out that for pre-COVID years, i.e., 2017-18 and 2018-19, the Annual Development Programme of Balochistan reflected a provision of Rs. 57.2 mn and Rs. 212 mn respectively, by the Federal Government for development spending. However, in actual no money was transferred – see Table-3.

A very similar trend was observed during the year of the COVID-19 crisis. Though the actual figures of 2019-20 have not yet been made public, a comparison between budgeted and revised estimates offer the same insight. The Sindh government downward revised the development education spending by 71 per cent, followed by Balochistan 31.9 per cent, KP 25 per cent, Punjab 24.2 per cent and the Federal Government by 8.2 per cent.

Comparing the budgetary positions of 2020 & 2021

It is also pertinent to compare the non-development and development budget outlays as documented in the 2020 and 2021 budgets. This would provide a fair proxy to reflect on the possibility of future expansion in the education sector and take account of the education development interventions that have become necessary after the COVID-19 crisis.

Notwithstanding the fact that the 2020-21 budgetary allocation will most likely be subjected to routine cuts as the fiscal year progresses, it is nevertheless important to discuss the planned allocations.

A look at the most recent budget (fiscal year 2020-21) that immediately followed the outbreak of the pandemic in Pakistan, shows that the trajectory seems to be a continuation of past trends rather than a result of the fall-out of an emergency situation. Except Khyber Pakhtunkhwa, the non-development expenditures saw an increase in all the provinces and at the federal level. Khyber Pakhtunkhwa on the other hand, recorded a reduction equal to one-fifth of its previous year's budget.

Khyber Pakhtunkhwa government was also unparalleled in terms of its planned increase in the education development portfolio, which it enhanced by 46.2 per cent. This was followed by Sindh with a 7.7 per cent increase and then the Federal Government with a 1.4 per cent increase. Balochistan and Punjab, on the other hand, budgeted cuts worth, 23.9 per cent and 16.3 per cent respectively.

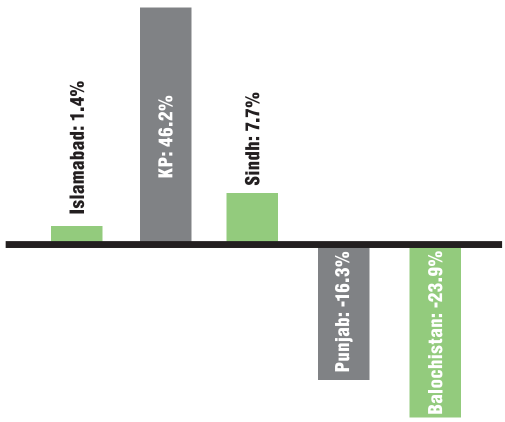


Figure 4: Year on year percentage change in budgeted education development expenditures, FY2019-20 to FY2020-21

[11]*Special Survey for Evaluating Socio-Economic Impact of COVID-19 on Wellbeing of People*

As per the government's claim of achieving a V-shaped recovery, the cuts in the education development expenditure in Balochistan and Punjab and the meagre increase at the federal level demand an empathetic review during the current fiscal year and a substantial increase going forward.

More importantly, as this paper establishes, the cuts in education development budgets are a routine practice and are products of structural problems in the system. Unless these structural issues are addressed and corrective measures taken, these cuts in education development expenditure will largely remain unchanged irrespective of emergency situations.

	Pre-COVID 19								Post-COVID 19				
Non-development	Budget 2017-18	Revised 2017-18	Actual 2017-18	% Change	Budget 2018-19	Revised 2018-19	Actual 2018-19	% Change	Budget 2019-21	Revised 2019-20	% Change	Budget 2020-21	% Change
Federal	90.516	90.818	100.428	11.0%	97.420	97.155	116.689	19.8%	77.262	81.253	5.2%	83.363	7.9%
Punjab – Provincial	44.339	64.134	59.149	33.4%	70.916	69.052	63.382	-10.6%	71.311	61.107	-14.3%	71.803	
District Education Authorities	230.100	225.500	214.453	-6.8%	273.000	273.000	268.271	-1.7%	273.000	286.460	4.9%	290.000	
Punjab – Total	**274.439**	**289.634**	**273.603**		**343.916**	**342.052**	**331.653**		**344.311**	**347.566**		**361.803**	**5.1%**
Sindh	178.658	165.117	151.776	-15.0%	205.020	177.999	152.949	-25.4%	215.863	183.267	-15.1%	236.161	9.4%
KP – Provincial	27.545	25.060	22.769	-17.3%	33.911	27.404	27.404	-19.2%	38.598	35.273	-8.6%	35.817	
District Education Authorities	98.604	101.089	103.380	4.8%	98.605	105.112	105.112	6.6%	133.402	136.727	2.5%	97.943	
KP – Total	**126.149**	**126.149**	**126.149**		**132.516**	**132.516**	**132.516**		**172.000**	**172.000**		**133.760**	**-22.2%**
Balochistan	45.791	46.181	45.741	-0.1%	56.541	51.510	47.701	-15.6%	62.431	58.083	-7.0%	70.358	12.7%

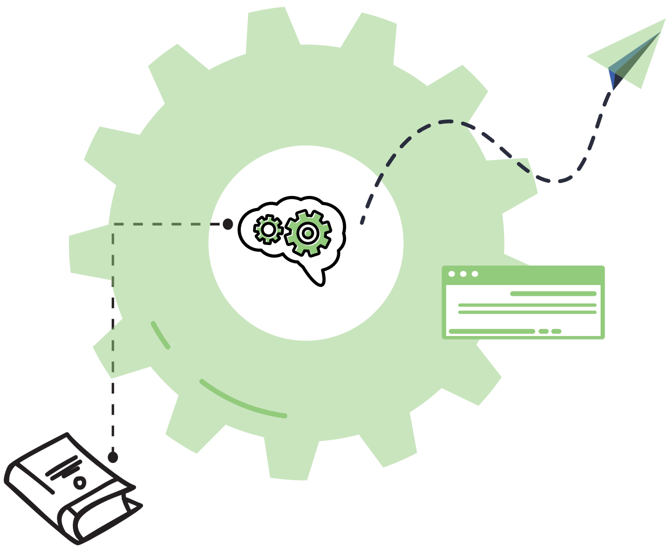
Source: Author's compilation and computation from Annual Budget Statements of federal and provincial governments, Volume II, III of Budgets, Pakistan Economic Survey, various issues.

Table 2: Cuts in non-development education budgets (Rs. in Billion)

	Pre-COVID 19								Post-COVID 19				
Development	Budget 2017-18	Revised 2017-18	Actual 2017-18	% Change	Budget 2018-19	Revised 2018-19	Actual 2018-19	% Change	Budget 2019-20	Revised 2019-20	% Change	Budget 2020-21	% Change
Federal	42.005	37.150	26.495	-36.9%	42.766	24.292	21.780	-49.1%	33.780	31.026	-8.2%	34.235	1.4%
Punjab	61.433	40.850	33.875	-44.9%	28.449	27.663	26.880	-5.5%	37.671	28.572	-24.2%	31.551	-16.3%
Sindh	21.128	13.425	12.266	-41.9%	23.948	12.094	9.111	-62.0%	25.543	7.419	-71.0%	27.516	7.7%
KPK	**16.494**	**15.311**	**15.789**	**-4.3%**	**23.255**	**24.088**	**19.839**	**-14.7%**	**30.167**	**22.626**	**-25.0%**	**44.095**	**46.2%**
Balochistan PSDP (Provincial)	9.557	7.4579	5.614	-41.3%	12.732	5.751	5.802	-54.4%	12.681	8.630	-31.9%	9.417	
Federally funded outside PSDP	-	0.0572	-	-100%	-	0.212	-	-100%	0.165	0.132	-20.0%	0.350	
Balochistan– Total	**9.557**	**7.515**	**5.614**		**12.732**	**5.964**	**5.802**		**12.846**	**8.762**		**9.767**	**-23.9%**

Source: Author's compilation and computation from Annual Budget Statements of federal and provincial governments, Volume II, III of Budgets, Pakistan Economic Survey, various issues.

Table 3: Cuts in development education budgets (Rs. in Billion)



Recommendations

Building a sustainable, credible and predictable system of education financing needs a radical departure from conventional non-scientific budgeting. There is an urgent need to move towards a more inclusive and rationale approach.

Broadening of the tax-net at the federal and provincial levels

Pakistan's tax to GDP ratio is the lowest among the economies comparable to its size. This naturally makes it extremely challenging for the government to fulfill its promise of education for all.

A large part of the economy is informal, undocumented and hence, out of the tax net. On the other hand, formal businesses face multiple taxes, a high cost of compliance and cost of doing business. This then serves as an incentive for these businesses to evade taxation.

Therefore, the government should gradually reduce the tax rates and increase the tax net by bringing the undocumented economy into the realm of taxation.

Single provincial tax on services

Albeit, the General Sales Tax (GST) on services is exclusively the domain of the provincial governments, nevertheless the Federal Government does deduct withholding tax on income on contractual services while some other services are also subject to provincial GST. This effectively amounts to double taxation of the same income at two different levels of government, vertically apart.

The provincial governments should have an exclusive right to tax services, and the federal component should also logically flow to the provinces. A constitutional arrangement to that effect may be made with the provinces, that the additional tax (federal component) ought only to be invested for the purpose of education.

Measures to re-establish tax payers' confidence

The state must compensate the tax payer to establish the taxpayers' confidence in the system, to discourage tax evasion and to increase voluntarily filing of returns and the payment of tax.

Federal and provincial governments should introduce and accord privileged and preferential treatment to the taxpayers in hospitals, immigration queues, bus stops, railways, banks etc. The preferential and favourable treatment will help build greater confidence in the tax system of the country and will likely encourage an increase in tax collection. Increased revenue will in turn help increase public investment in education.

Needs assessment and needs based budgeting

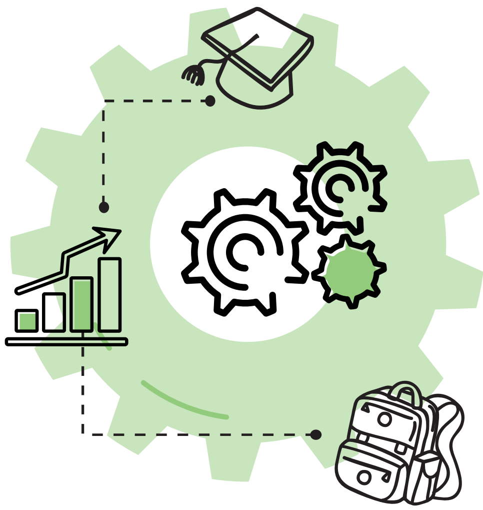
A radical departure from incremental budgeting requires a careful assessment of the need for infrastructure and human resource at the district and tehsil levels for a rapidly growing population. A target-based budgeting approach will highlight and scientifically estimate the financial need for new schools, teachers, upgrading existing infrastructure, supply side interventions etc.

Dashboards to inform education budgeting

Government should establish dashboards to document and track the situation of OOS children, drop-outs, teachers' training, and mapping interventions and finances against them. This dashboard approach will help to design comprehensive target-based budgets.

Demand-side interventions

The present crisis of COVID-19 resulted in the loss of private incomes and savings. Government's capacity to introduce demand-side interventions is severely constrained. It is, therefore, the need of the hour, that the government should facilitate microfinance banks to dedicate part of their loans' portfolios for school education by granting soft loans to parents. This would potentially decrease the likelihood of drop-outs due to losses of parental income during times of financial turmoil.



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