Changed by a Virus?

The Medium and Long-range Impact of the Corona Crises on Pakistan

Nazish Brohi
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Nazish Brohi

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<th>Description</th>
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<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
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<tr>
<td>BISP</td>
<td>Benazir Income Support Program</td>
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<tr>
<td>Covid-19</td>
<td>Coronavirus Disease discovered in 2019</td>
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<tr>
<td>DFID</td>
<td>Department for International Development</td>
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<td>EPI</td>
<td>Expanded Program on Immunisation</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GSP</td>
<td>Generalized Scheme of Preferences</td>
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<td>HBW</td>
<td>Home-Based Worker</td>
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<td>HEC</td>
<td>Higher Education Commission</td>
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<td>ISPR</td>
<td>Inter-Services Public Relations</td>
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<tr>
<td>KP</td>
<td>Khyber Pakhtunkhwa</td>
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<td>LG</td>
<td>Local Government</td>
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<td>MIS</td>
<td>Management Information System</td>
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<td>NCOC</td>
<td>National Command and Operations Center</td>
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<td>NDMA</td>
<td>National Disaster Management Authority</td>
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<td>NFC</td>
<td>National Finance Commission</td>
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<td>NSER</td>
<td>National Socio-Economic Registry</td>
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<td>PDHS</td>
<td>Pakistan Demographic and Household Survey</td>
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<tr>
<td>PF</td>
<td>Public Finance</td>
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<tr>
<td>PIDE</td>
<td>Pakistan Institute of Development Economics</td>
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<tr>
<td>PPE</td>
<td>Personal Protective Equipment</td>
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<tr>
<td>PREP</td>
<td>Pandemic Reforms Effectiveness Project</td>
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<tr>
<td>PSL</td>
<td>Pakistan Super League</td>
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<tr>
<td>PTI</td>
<td>Pakistan Tehrik-e-Insaf</td>
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<tr>
<td>RCCE</td>
<td>Risk Communication and Community Engagement</td>
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<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<tr>
<td>SOPs</td>
<td>Standard Operating Procedures</td>
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<tr>
<td>UNODC</td>
<td>United Nations Office on Drugs and Crime</td>
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<td>US</td>
<td>United States of America</td>
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<td>VSL</td>
<td>Value of Statistical Life</td>
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<td>WHO</td>
<td>World Health Organization</td>
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Preface

The Corona crisis has been affecting the whole world since early 2020, and it still is. Friedrich Ebert Stiftung (FES) has recently published a study about how the Virus has influenced global politics and economics, and global thinking entitled, “The Global Bearing of Corona: How the pandemic is changing the world”.

This current study, which we are happy to present today, is a follow-up and analyses the impact of Corona on Pakistan. The author is Nazish Brohi, and we are excited about the depth and creativity of her text. FES hopes that it will contribute to the understanding of how the pandemic has affected Pakistan.

While Pakistan, up to now, has experienced a comparably low number of Covid-19 cases, for instance in comparison to its neighboring countries Iran and India, it still has suffered gravely from the pandemic, both in regard to public health, to its economy, and its politics and culture. The lock-down has been a traumatic experience for many, and the economic effects are still not completely clear since Pakistan was facing economic problems and challenges even before the crisis. Nazish Brohi’s paper in this regard is providing an excellent overview, and an abundance of information on relevant details as well. At the same time, the author has been aware that the crisis still is not over, and many lessons can only be learnt at a later stage.

The text of this study has been concluded at the end of July 2020, but the Corona crisis and its effects have still evolved. For this reason, some of the statistical data presented cannot be up to date. To make up for this, we have added a little table with updated information, which is including data up to September 4th, 2020.

Dr. Jochen Hippler
Country Director,
FES Pakistan

Sidra Saeed
Programme Coordinator,
FES-Pakistan
Update on Covid-19 statistics for Pakistan
4. September 2020

It should be noted that “Corona” is generally used for the new virus, which triggered the pandemic, while “Covid-19” is the common name for the illness which it causes.

Statistics on both are always difficult and problematic, in all countries, since we can only include in statistics what we actually know about. And since in many cases, Covid-19 does not produce any symptoms in the persons effected, there will be many more cases of the illness than become known. Also, to confirm a case of Covid-19, a test has to be done. And since comparatively few tests have been taken in Pakistan (currently 20,000 to 25,000 per day, for a population of 220 million), it is very likely that the official figures will greatly underestimate the number of infections. Despite this cautionary note, the numbers provided by public health officials and the government are still highly useful. They might not fully reflect the total number of infections (or deaths), but they still offer a good look at the trends of infections.

Confirmed cases of Covid-19: 297,512
Active cases: 8,909
Deaths: 6,335
Recoveries: 282,268
New cases per day: 400-800 (since second week of August)
Tests per day: 20,000-25,000 (since second week of August)

Towards the end of June 2020, six months since the first novel coronavirus case was reported in China, there are well over 8,500,000 confirmed cases across the world and over 450,000 people have died as a direct result. The indirect or secondary deaths as a consequence of physiological damage caused by the virus post-recovery are not yet known.

The World Bank’s Global Economic Prospects report of June 2020 projects a subsequent 5.2% contraction in global Gross Domestic Product (GDP), anticipates the deepest global recession in eight decades hitting most countries with contracting per capita income, while acknowledging these are conservative estimates. The report states these developments were, “Expected to reverse years of progress towards development goals and tip tens of millions of people back into extreme poverty.”

The Covid-19 pandemic has peeled away the veneer of efficiency, consumption, growth and consensus, which camouflages neo-liberal governance systems. Removal of the skin covering has exposed the decay in its nodes, veins and capillaries: neglected public health systems; unsustainable modes of production; unrecognized labour; unprotected citizens.

The pandemic brought into focus global precariousness: the system runs based on the fundamental assumption that the system will continue to run. A few weeks pause necessitated by lockdowns has led to failing economies, contracting markets, revived protectionism, political conflict, and as some suggest, even a crisis of civilization.

Predictably, across the spectrum of advanced and developing economies and autocratic governments, mature democracies and hybrid regimes, the poor and marginalized have been hit the hardest. Though the initial spread of the virus was in the relatively more well-off areas, where people could afford travel and were internationally mobile, once viral transmissions became local, across all countries the poorest people faced the brunt of job and income losses in the face of little or no savings, illness, poor prior health and reliance on staggered public health systems, inability to use technology for coping – whether for schooling or for work - blocked access to services including public transport, contracted sources of informal credit, and so on.


Policy makers across the world face formidable challenges in attempting to contain the devastating effects of the pandemic, spanning health, economy, society and state capacity. The Asia Pacific Risk Communication and Community Engagement (RCCE) Working Group has noted that across all countries, the populations most at risk through the pandemic were those who: i) depend heavily on the informal economy; ii) have inadequate access to social services or political influence; iii) have limited capacities and opportunities to cope and adapt; and iv) those with limited or no access to technologies.

While different countries and regions have had different disease trajectories and economic revival strategies, invariably the state has been brought back to centre-stage - not just for pandemic control but as the medium for arbitrating and resolving interest conflicts, inequalities and resource allocations for prioritizing what and who must recover first.
2. Covid-19 in Pakistan

As of 21st June 2020, Pakistan has over 175,000 confirmed Covid-19 cases. More than 3500 people have died, though over 38% of the patients have recovered. The virus is now circulating in all of the four provinces as well as in Gilgit Baltistan and Azad Jammu & Kashmir.

The Pakistani state authorities, provincial governments, health policy officials and hospital administrations have scrambled to shore up the medical infrastructure. New quarantine centers have been developed by converting existing facilities; ventilators have been imported and their local manufacturing initiated; tele-health projects started and retired medical personnel brought back in; medicines and medical equipment have been procured from various parts of the world; arrangements have been made for pharmaceutical production of the vaccine for whenever it is developed.

However, people narrated different experiences. They turned to social media platforms to decry lack of hospital beds and having to cart around patients between hospitals looking for availability, they told of being turned down for testing, or attempted to procure convalescent plasma to help patients recover. Doctors spoke out about being overwhelmed with cases and working back-to-back shifts, while access to tertiary care remains uneven in different areas of the country. Prior to the pandemic, Pakistan allocated less than 2% of its GDP for healthcare, lagging behind not just global averages, but even the region (Afghanistan at over 11%, Iran at 8.5% and India at 3.5% of GDP). The World Bank 2016 data shows Pakistan spent around $40 per citizen on healthcare. This resulted in an incapacitated health crisis response system.

The federal government proclaimed the medical situation was under control, and no further lockdown was required. The initial 6-week lockdown was vociferously opposed by the Prime Minister, to which he attributed the downward spiral of the economy. While the lockdown didn’t reduce the cases or ‘flatten the curve’ since the curve of number of cases was rising till the writing of this report at the end of June 2020, it seems to have bought the time to significantly increase emergency response capacity. Though whether further lockdowns are required is not as hotly contested, it seems plausible to assume that the country would have been at a considerably worse point had the initial lockdown not been imposed. One early study, which uses the problematic Value of Statistical Life method, nevertheless suggests the death toll could have increased by over 400,000 without the lockdown.

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Currently, the government is urging people towards the global preventive prescription to wear masks, wash hands, stay indoors when possible and practice social distancing. While in many countries this may require authorities to convince individuals, in Pakistan it presents a systemic challenge. The average household size is upwards of 6 persons, which means that 28% of households in Pakistan live in one room housing units. Also, 30% of households have to travel to get quality drinking water and share toilet facilities with other households. Distancing and regular hand washing remain a challenge even if people were ready to take all precautionary measures, which it appears that many are still not convinced to do. The Prime Minister has repeatedly implored people to take the outbreak seriously and to take responsibility for their own well-being, as well as that of others around them.

Given the overstretched budget and high public debt inherited from past governments, the federal government was flailing even prior to the outbreak. Global projections show Pakistan to be among the most impacted countries, and already the government has claimed a loss of three trillion rupees, a loss of between 3 to 3.5% of national income and contraction of the economy because of the pandemic, while acknowledging these losses could increase. The official Economic Survey 2020 predicts two different scenarios as a fallout of Covid-19, one where household consumption decreases by 5% which would increase poverty in the country to 29% of the population, or the second, even worse scenario, where consumption falls by 10%, rendering one third of the country's population poor.

Despite the extremely constrained fiscal space, the federal government announced a one-time cash transfer of Rs.12000 to twelve million poor households (78 million people) after the Prime Minister iterated that daily wage workers and the poorest who had no savings could not survive temporary cessations of work. In a first, poor and working class wage earners have featured centrally in policy debates in the health or economy standoff.

11. Ibid.
However, at the onset of the pandemic, the country did not fully know who or where its working poor were and how to target them since existing datasets were a decade old. They are now being updated. Information gaps continued through the pandemic: there are variances between information available through central government websites versus the information available in provincial websites; government dashboards on immunization and health stopped working and were not being updated; even Covid-19 stats fluctuate and are inconsistent. The lack of comprehensive, reliable data remains a recurring trope.

Elsewhere, a substantive concern has been too much power being acceded to the state, in terms of enhanced surveillance capabilities and infringement of privacy and state pervasiveness. While these remain a concern in Pakistan, the more dominant issue has been the lack of efficient and coordinated governance, the lack of data and the lack of capacity to reach out to marginalized citizens.

The pre-Covid-19 Pakistan – its economy; health infrastructure; political dynamics; state of federalism; sway of religious narratives; concentration of resources; poverty and feeble state capacity for redistributive justice have contoured the pandemic in the country. This report intends to trace these trajectories to understand the pandemic in Pakistan, to go beyond the what and how of its fallout and focus on the why of it. It attempts mapping trends to understand emerging realities which are likely to persist after the immediacy of the medical crisis ebbs. It aims to use an understanding of how the past influenced the present, to anticipate what issues may gain prominence in the future.

Futures are shaped by multiple, intersecting crises. This report focuses on the impact and fallout of Covid-19, but governance, politics and society do not operate in silos. Even as the pandemic accelerates, Pakistan is grappling with waves of locust attacks, destroying agriculture and rural ecosystems, creating anxiety around food security. There is an energy crisis and swathes of the country have electricity breakdowns. An airplane crash has brought public sector enterprises into the limelight again, raising questions about the unceasing drain on resources they present and their inability to efficiently function in competitive environments. Meanwhile, there was a terrorist attack on the Karachi Stock Exchange, for which the security establishment is directly blaming India and its hostilities, given the changing geo-strategic coordinates of the region. How the country moves forward depends on a complex interplay of a range of issues – this report attempts to untangle and follow one such thread.

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3. Mapping the Report

The study attempts to assess the Covid-19 crisis while it is still going on, and may not even have peaked yet. Without the advantage of hindsight, it anticipates political, economic, socio-cultural changes based on a moment-in-time while recognizing the limitations of this approach.

This report is not intended as an assessment of the national response to the pandemic, nor is it an evaluation of official strategies. Instead, it attempts to look at which issues have been the most contested and which ones have gathered the most consensus in order to understand which ones are most likely to gain traction and which are likely to persist.

In this, the report excludes tracking the medical and health response. It does not delve on the immediate efforts of the federal and provincial governments to expand emergency services, set up quarantine facilities or procure medical equipment. Instead it explores the implication of the medical crisis on the health sector in the medium to long term. Its findings remain tentative, given the uncertainty which has defined the pandemic – the eventual human toll, how long it will continue, how many waves it may unleash, whether and when a cure or a vaccine or both will be available, how long acquired immunity will last, or even how exactly the virus works inside the human body, virtually all of it is unknown. Economic projections are still somewhat speculative.

After a cursory reflection on the global Covid-19 crisis this report provides a glimpse of how the pandemic has unfolded in Pakistan and a chronology of important events and developments between February and July 2020.

It then presents a brief summation of the national response to the outbreak, focusing on national level federal government initiatives in terms of assistance to individual citizens and to economic sectors. It reflects on the debate over lockdown strategy because it generated intense contestation and moulded not only the response to the pandemic, but also led to political polarization.

The next section details the impact of Covid-19 in Pakistan through focusing on public health and the economy. Labourers and women are a focus within the economy, since both are generally marginalized in policy and ‘big picture’ discussion - though through the outbreak, labour and particularly poor, daily wage labourers have merited unprecedented official attention. Women are generally among the most vulnerable groups in emergency situations and gender concerns are often overlooked. This focus on those at the margins adds an important vantage point.

The following section allows for stepping back from the immediacy of the Covid-19 response to reflect on preconditions that created the field on which the pandemic rolled out, and the prior
conditions that contoured and aggravated the impact. In specific, the report explores the role played by i) political priorities of governance and the decentralization debate; ii) the lack of local governments and consequent outreach limitations; iii) mixed messaging and the issue of public trust, and iv) the dynamics between religious authorities and the state.

In its conclusion, the report attempts to reflect on which issues will have staying power beyond the medical crisis, and will challenge and contour Pakistan’s political, economic and social dynamics, and what directions the changes could steer the country towards.
4. A Short Chronology of the Corona Crises in Pakistan

The World Health Organization declared a public health emergency on 30th January. Pakistan’s early concern was deciding what to do about the Pakistani students stuck in Wuhan, the site of the outbreak, and whether they should be brought back at the risk of importing the virus.

A massive outbreak in Iran changed the severity of the problem since hundreds of citizens who were there for pilgrimage had to return. The federal government and the Balochistan provincial government scrambled to set up quarantine facilities at the border in Taftan – a remote town with no pre-existing infrastructure to cope with emergency stationing. Media reports showed terrible conditions in emergency camps: sewage and unsanitary conditions, inadequate supplies, shortage of medical staff, sub-standard food and close proximity accommodation facilities, and many people became infected in the camps. The federal government assisted in setting up emergency facilities and declared them to be adequate.

Meanwhile, land borders were closed and thermal screening measures put in place at major international airports in the country. At this point, fever was understood to be an invariable sign of infection and asymptomatic and pre-symptomatic carriers were unknown factors. Cases started being reported in Sindh and Punjab and schools across the country were shut down. All international flights were suspended and the country’s premier cricket tournament, the Pakistan Super League (PSL) tournament was postponed.

By late March, the country had 300 Covid-19 positive cases and its first resultant casualty. Those quarantined at the Iran-Pakistan border were declared to have recovered and were allowed to leave for their home districts. The government of Sindh decided to retest them once returnees arrived in the province and found many of them to still actively had the virus. This led other provincial authorities to test returnees and found the same result. The Sindh government announced it would impose a lockdown despite opposition of the federal government. Other provincial governments followed, and on 23rd March, Sindh and Punjab went into lockdown, with Khyber Pakhtunkhwa and Balochistan provinces doing the same within the next few days.

The federal government started global advocacy for cancellation of external debts and relief in repayment of loans. The State Minister for Health announced that the Higher Education Commission (HEC) was inviting funding proposals from researchers, scientists, technicians, manufacturers and other experts that could assist in the fight against Covid-19. On 24th March, the Prime Minister approved a Rs1.2 trillion relief package and announced formation of a volunteer team, Corona Relief Tigers, to distribute food rations and spread awareness about SOPs (Standard Operating Procedures) through the lockdown.
At the end of March, the government’s National Coordination Committee responsible for overseeing the Covid-19 response till that point, decided to set up a specialized pandemic response unit, the National Command and Operation Center (NCOC).

In the lockdown in early April, the Ministry of Planning, and Development estimated that 12.3 to 18.5 million people may lose their jobs and the economy may face Rs 2 to Rs2.5 trillion losses in three months. Of additional concern was nearly 10,000 Pakistanis losing their jobs in the United Arab Emirates and 35,000 applying to return to Pakistan, given that remittances play an important role in the country’s economy, and some districts particularly in KP province are largely dependent on a remittance economy.

The Prime Minister announced a Rs100 billion package for the construction industry, including tax exemptions to maintain economic stability and create jobs, since construction employs a considerable number of urban daily wage labourers. The Economic Coordination Committee of the cabinet approved a Rs 22.5 billion Ramzan package to provide relief to common people through the existing chain of government owned utility stores. The government officially requested China for easing payment obligations of over $30 billion in CPEC projects.

The government announced its main federal relief initiative, the Pakistan’s Preparedness and Response Plan worth $ 595 million, including the Ehsaas cash transfer program and an Information Portal to make public details of disbursements. The program was launched by the Prime Minister, who also conducted a telethon to raise funds.

During the lockdown, doctors across the country protested the lack of Personal Protective Equipment (PPE) kits and supplies, and appealed to courts for health insurance and demanded quarantine arrangements for infected medical staff. Media covered protests in Punjab and Bolan in Balochistan among others, while authorities assured them supply chains would soon work without interruptions.

The issue of religious congregations becoming potential spreaders came into focus. Clerics refused to close down mosques and rejected telling people to stay away. The President reached agreement with clerics about SOPs for prayer congregations and expressed satisfaction over implementation. A survey showed 80% of mosques did not follow SOPs for Taraveeh congregations.

Early projections were anticipating a negative economic growth rate of 1.5% and businessmen started demanding stimulus packages. Inflation rate fell to 8.5% due to subdued demand - the oil and gas sector suffered over Rs50 billion losses due to lower demand.

13. Sitrep 11th April, NCOC
14. Sitrep 28th April, NCOC
15. Sitrep 30th April, NCOC
Minister for Industries announced that the government would pay electricity bills of 3.5 million small businesses for the next 3 months. Provincial governments announced relief packages and tax concessions. The feasibility of lockdowns continued to be debated across the media and between policy makers.

The federal government declared the national lockdown would end on 9th May after 6 weeks of economic closure, and restrictions would be eased off in phases. On that date, there were 27,000 confirmed cases and over 600 deaths while over 7000 people had recovered. Over 85% of the cases at that point were of local transmission. The country had reached the testing capacity of 16,600 per day\(^\text{16}\). The Balochistan government decided to extend its closure for another ten days.

The Pakistan Medical Association warned that easing lockdown would collapse the health system and doctors across the country reiterated this. The Federal Minister for Planning & Development suggested an alternative of using tracing technology to identify patients and hotspots enabling smart, strategic lockdowns versus blanket closure. The State Bank of Pakistan enabled financing for Rs500 million for hospitals and medical centers dealing with the pandemic.

By late May, the easing of the lockdown was reflected in the number of cases, which started recording jumps. Sindh prohibited all religious rallies and gatherings and announced the promotion of all matric and intermediate students without exams. All provincial governments passed Covid-19 related emergency legislation. The army chief directed commanders in Balochistan to reach people in far flung areas with assistance.

The economic costs of the lockdown also started accumulating. The Pakistan Automobile Manufacturers’ Association stated that 3 big automobile companies did not sell a single vehicle in April; the All Pakistan Business Forum urged State Bank of Pakistan for loans; textile enterprises demanded zero-rated sales tax status as sales declined 65%\(^\text{17}\); Chairman Faisalabad Chamber of Commerce and Industry Standing Committee on Research & Development predicted loss of Rs1.3 trillion. The State Bank reduced the interest rate to 8%.

The Prime Minister with 140 other world leaders demanded the eventual vaccine and treatment be made available to everyone free of cost; at the World Economic Forum, PM Imran Khan said developing countries do not have fiscal space to combat the pandemic. Meanwhile the Prime Minister Covid-19 Fund received over Rs4 billion\(^\text{18}\) in donations. The Sindh government


received and posted the list of its fund collection figures and list of donors online. Following Moody putting Pakistan’s credit rating under watch for suspected default on private foreign debt\textsuperscript{19}, the federal government announced diverting Rs10 billion from the Prime Minister’s Covid-19 Relief Package towards retiring circular debt of the power sector.

At the end of May, the Supreme Court intervened in governance and ordered federal and all provincial governments to allow reopening of shopping malls and markets, including on weekends. This removed the remaining administrative barriers and ended any enforcement of social distancing. The Supreme Court did so because it felt the fears were exaggerated as “it was not a pandemic in Pakistan” and people should be allowed to shop for Eid, the annual religious holiday. After Eid and days of malls, bazaars and eateries being opened for a few weeks, the court retracted its order.

On 9th June, a month after the lockdown was eased, Pakistan crossed China in number of positive cases: confirmed cases spiked from 27,000 to over 108,000 with over 2,100 deaths\textsuperscript{20}. One-third of parliament had tested positive according to Minister for Science and Technology. Cases and casualties of healthcare workers started rising – the government announced a compensation package for medical staff casualties. Media reports showed no SOPs were being observed across the country, people neither wearing masks nor physically distancing in public places. The Advisor on Health requested change in social behaviour and the Information Minister warned of forcible lockdowns.

In early June, the WHO recommended re-imposing lockdown to curb the steep rise in cases and suggested intermittent lockdowns of two-week durations. The federal government rejected it as unfeasible due to economic conditions and suggested targeted, contained ‘smart lockdowns’ instead. Towards the end of June, provincial governments started imposing smart lockdowns circling off high intensity cases hotspots.

As of 1st July 2020, Pakistan had 213,470 confirmed Covid-19 cases, of which 106,530 were active cases, 100,802 people had recovered and there had been 4,303 deaths. The highest number of cases were in Sindh. A total of 1,305,510 tests had been conducted, of which 16.4% were positive\textsuperscript{21}.

5. The Government’s Response

This section summarizes the initiatives of the federal government in response to the pandemic. It also delves into the debate over the lockdown strategy since it became the most hotly contested issue which polarized discussions and led to political antagonisms.

At the onset of the outbreak, the official response to the situation was being managed by the National Coordination Committee, and the National Disaster Management Authority was not activated in regard to Covid-19. By the end of March there was a realization that a separate mechanism was needed and the government decided to set up a specialized pandemic response unit, the National Command and Operations Center (NCOC) to be headed by the Commander of the army’s Air Defence Command. The body included representatives of federal and provincial governments as well as nominees of the military and intelligence agencies. The NCOC is designed as “The nerve center to synergize and articulate unified national effort against Covid-19” according to its introduction, and aimed at a “One window operation to collate, analyse and process information based on digital input and human intelligence across Pakistan.” The NCOC since inception has conducted daily briefings and prepared daily situation reports, the Sitreps which this report has drawn from.

The Prime Minister’s relief initiative was announced on 24th March, claimed by the government to amount to Rs1.2 trillion. It included cash transfers to daily wage labourers valued at Rs75 billion, in addition to the Rs150 billion earmarked for 12 million low income families.

Import duties on emergency health equipment were waived.

The export sector was given tax refunds of Rs100 billion and interest payments were deferred. Another Rs100 billion was earmarked for small and medium industries and the agricultural sector, and additional concessional loans announced at low interest rates and in the form of deferred electricity bills, subsidies and tax breaks.

A reduction in petrol prices was announced by Rs15 per litre, though this was reversed after three months. Also included in the package was the wheat subsidy (Rs280 billion), Rs100 billion emergency contingency fund, Rs70 billion allocation for ‘Covid-19 Response and other natural calamities control program.’

The State Bank lowered interest rate first to 9% then to 7%, as a stimulus to help businesses and employment. It allowed refinance facilities for hospitals and medical centers dealing with Covid-19 cases.

A national helpline (1166) linked with the NCOC was launched for healthcare workers to register complaints with concerned government authorities. An app was developed, ‘Pak Neghayban’ with a Covid-19 case dashboard, providing real time information on availability of hospital facilities, beds and ventilators, with a chatbot linked to the helpline and a radius alert over location of confirmed cases.

In terms of outreach, the Ehsaas program is the government’s flagship relief initiative for poor, working class families. It was designed as a one-time payment through cash transfers to 12 million families. The amount of Rs 12,000 was to help them through the first four months of the pandemic. As of 19th June 2020, the Ehsaas program had disbursed cash to 10,878,438 beneficiaries, totalling to an amount of Rs131767.96 million. The website details where the beneficiaries are, and in real time tracks the transfers and which of those transfer amounts have been withdrawn by recipients.

There is enough realism across the political spectrum to recognize that the poor and wage labourers do not earn enough to have any savings, and there was no political opposition to this initiative – if anything, oppositional politicians urged the government to increase the outlay since the one-time cash transfer would be inadequate in easing the suffering to come in the following months. The ruling establishment however, determined that the best way was to stimulate the economy through relief packages to industries with high volumes of employment and low interest loans, with the assumption that benefits will trickle down to the poorest people and they will continue to have jobs.

The criticism directed at the relief package was mostly that the amount allocated specifically for Covid-related expenditures is significantly overstated since it includes regular, routinized payments, such as the wheat subsidy and the Benazir Income Support Program recipient cash transfers, and includes payments that are not pandemic related expenses. More criticism was directed at the construction sector relief package. Declaring real estate and construction to be an industry, Prime Minister Imran Khan announced incentives such as those investing in it would no longer be asked about their source of income; withholding tax on construction material was waived; there would be no capital gains tax on selling houses; and Rs30 billion subsidy for a low incoming Naya Pakistan Housing Scheme and those investing in it would pay only 10% of the fixed tax. The Prime Minister stated this was done with the stated purpose of providing employment to daily wage labourers who were otherwise unable to find work during

the pandemic. Others contesting him say this would help those buying and selling land and not labourers, more so given that real estate investments are a prime site for legalizing ‘black’ money, and public works programs are more beneficial for instant employment and community uplift.

The federal government introduced an innovative public works programme, the Billion Tree Tsunami initiative, hiring people for tree and forest plantation through the pandemic. It is too early to assess how well this has worked, but it is an important effort. Public works have a history of successfully delivering short-term employment in times of financial distress, and of effectively targeting the poorest workers.

The debate over the lockdown

The debate over whether to lockdown or not and how intensely and for how long was the most discussed issue in the Pakistani media through the pandemic, mirroring global debates. With possible estimates of deaths ranging from 40,000 to over a million, contestation was to be expected with diverse perspectives on the trade-off between saving lives and saving livelihoods.

In a Cabinet meeting, Prime Minister Imran Khan rejected the health ministry’s proposal of declaring a health emergency in the country along with its proposal to import Rs760 million worth of medical equipment. Over the next two weeks, he reiterated his stand opposing lockdown, saying the country could not afford to do so. As cases piled up, the Sindh government announced its two-week-long lockdown would go into effect in two days. The same day, Islamabad declared a ban on assembly in public places via Section 144 of the law. Gilgit-Baltistan announced its lockdown which would continue indefinitely. Punjab and Balochistan announced provincial lockdowns the next day. The federal government then extended the lockdown twice, once till 14th April, then again till 9th May. Land borders, the purview of the federal government were also kept closed.

Yet when the financial impact became evident and the economy started spiralling, the blame for the lockdown was attributed to the Sindh government who first initiated a lockdown in one province, even though the ruling party formed the government in the other three provinces, and could have chosen a separate route.

The national lockdown ended on 9th May though some restrictions were kept in place. On 18th May, the Supreme Court intervened and removed those restrictions and instructed the opening of malls and markets, stating the viral outbreak is “not a pandemic in Pakistan.”

The Prime Minister opposed the idea of a lockdown from the start, pointing out that Pakistan could not afford it. Daily wage workers, a quarter of the population, had no disposable leftover income or savings and needed to work and earn every day, and the state did not have the capacity or mechanisms to deliver food to all poor people locked in their homes.

The federal government of Pakistan decided to ease lockdown within a few weeks - not driven by any notions of achieving herd immunity but because of pressing economic needs – both at the country level as well as at the level of individuals. As Pakistan’s economy did not have the fiscal space to open-endedly continue cash transfers, the federal government felt there was no point trying to forcibly contain the virus, given the high opportunity cost, and moved towards mitigation and recovery strategies instead. By June, a Gallup poll found 88% of Pakistanis said that their household income had decreased, and 2.1 million households claimed to have sold some asset in the past 7 days to cover basic needs.

The Prime Minister recast the lockdown debate in pro-poor and anti-poor term rhetoric. According to the Prime Minister, the rich demanded a complete lockdown as they have big houses and resources to live without any need to go out, but the poor people face problems and opposed the policy. Such rhetoric portrayed opposing the government viewpoint as being elitist and immoral.

Many public intellectuals, writers, activists and economists made the point that positioning the debate as an ultimatum between saving lives and saving the economy was a false choice, an unfair binary and reflected a lack of understanding.

Global debates impact Pakistan directly. A research study by economists at Yale argued that the costs of lockdown in poor countries is larger than benefits to be gained from it, whereby in rich countries, the benefits outweigh the costs, hence each country must chart its own course instead of there being a standard global prescription for lockdown. The research was cited by the Minister for Planning and Development in a televised speech highlighting the need for easing the lockdown.

Columnist Khurram Husain pointed out that the study cited used the VSL – Value of Statistical Life model which quantifies in currency terms the value of human life, “Telling us that the dollar value of the lives saved as a result of the lockdown is worth less than the foregone output in developing countries…. When they compute VSL for countries like Pakistan and Nigeria, they find that the amount is so low that it makes little difference to have a suppression strategy.” Many objected to this utilitarian perspective of letting a minority suffer while focusing on the greatest good for the greatest number of people. Health researcher and political activist Ammar

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Rashid challenged the Yale paper’s assumption that social distancing as a policy is inapplicable to poor countries and if used, necessarily involves a trade off with livelihoods. His research showed social distancing even by a minority of the population can have significant effect, and that reducing non-economic community contact can reduce infection rates.

The federal government, on the other hand, maintained that it had to make realist choices given the severely strained fiscal space. It had to place priority on the survival of poor labourers and the economy because more people faced the risk of starvation and abject poverty at the individual level, and with a contracting economy, the government would not be in a position to offer any assistance. The federal government illustrated the flawed priorities of previous governments, which left the country with low social protection, inadequate healthcare infrastructure and extremely high debts that needed to be paid off to prevent the further crises which would accompany defaulting.

Haris Gazdar, a senior researcher with the Collective for Social Science Research and currently coordinator for social protection for the Sindh Chief Minister, challenged the utilitarian calculation of the economic meltdown impacting more people adversely than the virus itself. He did so by a rhetorical juxtaposition with Pakistan’s response to terrorism. “Why did we choose to draw a line under terrorism even though it was a smaller source of death than air pollution or road accidents? Was it because it arrived suddenly rather than slowly and incrementally? Was it because it threatened, if not stopped, to escalate exponentially? Was it because there was a global consensus that supported our effort? Was it because it threatened to overturn our existing order, and make us a global pariah? We made our collective choices on the basis of who we thought we were, on the basis, yes, of political considerations, but anchored in values. And once we had decided to combat terrorism how did we frame the issue of its economic impact? Did we debate the cost of eradicating terrorism, or did we belt up and created a narrative about the cost that terrorism was imposing on our economy?” By positioning the containment versus mitigation debate as a choice between analytics and values and upholding the latter, Gazdar concludes, “How we respond will then shape what we become.”

A Gallup poll conducted during the lockdown showed that at the time, in early May 2020, 82% of Pakistanis felt the federal government was controlling the coronavirus situation very well. But according to a Gallup poll conducted in June 2020, public opinion was almost evenly...

split about ending the lockdown, where 47% of Pakistanis supported it while 48% did not support it.\(^3^4\)

At the time of writing of this report, Pakistan is practising a midway strategy of ‘smart lockdowns’, which are strategic time-bound closures of hotspots where a high number of cases are reported, while relatively less impacted areas continue to be economically active. However, this is not being accompanied by a drastic rise in mass testing and contact tracing as per the global prescription. The Prime Minister has expressed satisfaction at this approach, of which he says Pakistan was among the pioneers. The Minister for Information and Broadcasting has declared the smart lockdown strategy to be a success. The number of total Covid-19 cases as well as mortality rates in Pakistan have so far been lower than various projections estimated.

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6. Impacts of Covid-19 on Pakistan

This section attempts to track the immediate and short-term impact of Covid-19 on Pakistan, while recognizing that the effects may further intensify or change entirely, depending on its duration and casualty count.

The outbreak of Covid-19 collapsed whatever understandings and processes Pakistan had developed to deal with disasters. The country’s conventional systems for disaster management hinged on ‘events’ such as earthquakes and floods. The previous shock episodes had a start point and a defined end, which allowed for reactions categorized in disaster-management plans as, i) prevention, ii) preparedness, iii) response and iv) recovery. In the pandemic, the country had to simultaneously manage all of these while the disaster continued to roll out.

Less than a month into the lockdown, the federal government and the NCOC seemed to have given up on containment and moved to mitigation strategies. Instead of forcibly halting the spread of the virus at high financial and economic cost, it deduced that it should instead plug the economic free fall and tell people to take necessary precautions to stall infectivity while improving its medical resource base to deal with the surge of positive cases.

As of the writing of this report, Pakistan is still experiencing the velocity of rising cases, with changing predictions on when it will peak - from June to July to now, August 2020. While its impact is manifold, this section traces the impact of Covid-19 as of June 2020, in specific looking at public health and the economy, and within that focusing on labourers and on women.

Public health

Initial efforts for responding to Covid-19 were almost entirely related to medical measures, from finding trained doctors for the quarantine camps at the Pakistan-Iran border in Balochistan, to meeting the shortfall of PPE, N-95 masks and ventilators, and setting up isolation facilities. While Pakistan has qualified medical staff, even access has remained a challenge. Doctors, nurses and hospital managements have been at the frontline of the medical response, but also on the policy front in urging for regulating public spaces and identifying emerging threats, flagging supply line concerns and trying to build awareness about the health hazard.

The federal government has repeatedly pointed towards lower casualty rates compared to other countries, and this led to some speculation about possible immunity people in the country
possessed. Pakistan currently has a 56.8% recovery rate and a 2.1% fatality rate. The majority of Covid-19 positive cases in Pakistan are men (72%), the highest number being between 20 to 40 years of age, though the mortality rate is significantly higher in males over 50. Over 70% of the Covid-19 patients who have died have had other comorbidities. Reports are tricking in of people recovering from Covid-19 but soon after becoming critically ill of some other ailment including typhoid, brain haemorrhage, lung or kidney collapse, and even rare conditions such as Kawasaki disease. Though not much is known about the short-term medical effect of Covid-19, even less is understood about its medium-term effects and long-term medical consequences.

Pakistan’s Covid-19 testing increased from around 2500 per day in early April to about 29,000 per day mid-June. Since then, the numbers tested per day have been steadily falling with no clear response by the government why it has done so, given that the NCOC claims that testing capacity was upwards of 70,000 per day through 132 labs across the country.

All provinces set up dedicated Covid-19 hospitals and repurposed existing facilities to make special wards to expand their surge capacity. In the provincial budgets announced for 2020-2021, in the health budgets KP brought in the highest year-on-year increase at 43%, bringing its per capita health spending to Rs3492. Balochistan has a 32% increase, with a per capita health spend of Rs2998. Sindh increased its health budget by 16%, bringing its per capita health spend to Rs3364. Punjab had the lowest increase of 2%, making its per capita health spending Rs2582.

The health crisis goes beyond the medical urgency of dealing with Covid-19 itself. Through the lockdown measures, routine immunisation drives were stalled, heightening fears of new outbreaks of preventable diseases such as measles. All provinces except Punjab suspended their immunisation drives. Pakistan’s latest Demographic and Household Survey (PDHS 2017-2018) shows that only 66% of children receive all basic vaccinations coverage in the first place. The pandemic continued to disrupt coverage even as the government re-started economic

39. The EPI programme offers free essential vaccinations, covering 10 diseases, including tuberculosis, polio, diarrhoea, pneumonia, whooping cough, tetanus, hepatitis-B, meningitis, diphtheria, and measles
activity, and since public transport to access health services remained erratic, many public and private hospitals kept out-patient departments closed to deal with Covid-19 patients, and the government's medical staff and resources were redirected to the pandemic. To reduce the risk of the viral spread, the WHO has recommended postponing mass vaccination campaigns, but urged that immunization continue in hospitals and clinics. All these indicate the threat that cases of vaccine-preventable diseases among children are likely to increase.  

Mental health remains among the most neglected areas of well being, despite psychologists pointing out that mental illness is now the largest burden of illness globally, surpassing cancers and heart disease. According to a calculation by psychiatrist Ayesha Mian, the ratio of psychiatrists in the country is 1 per 100,000 patients of mental health disorders, while noting, “Mental health needs of the population accelerate exponentially fuelled by the Covid-caused ubiquitous blanket of anxiety,” in addition to post traumatic stress and depressive symptoms. It continues to be overlooked.

Pakistan had poor access to quality health care even prior to the pandemic. It has developed an extensive infrastructure, but with uneven distribution. Some areas are well serviced with quality tertiary care options, and some lacking even rudimentary facilities. Shehla Zaidi points out that while Pakistan ranks 105 out of 195 nations in the Global Health Security Index, placing it on the list of ‘more prepared countries’, its score is propped up by its laboratory capability and skilled professionals. It plummets in the ranking on counts of emergency planning, ability to track infections, communication with health workers during medical emergencies, infection control practices in health centres, and health system capacity.

The World Health Organization notes that health care delivery suffers from key issues such as high population growth, uneven distribution of health professionals, deficient workforce, insufficient funding and limited access to quality healthcare. Field accounts in the media often highlight high absenteeism of medical staff in rural areas, ‘ghost’ employees, inadequate infrastructure, and shortage of medical equipment and advanced machinery. There are government run hospitals that provide free healthcare in every district, but patients have to pay for medication and consumables, and the quality of care is uneven. Majority of the people pay out-of-pocket.

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The Economic Survey of 2018-2019 detailed Pakistan’s healthcare facilities, showing there was 1 doctor for every 963 people and 1 hospital bed per 1608 people. The same dataset shows that though there had been a marginal overall increase in health expenditure, the federal allocation and Punjab budget for health was actually decreased by 10% and 8.2% respectively, while three provinces increased their health expenditure, Sindh by 22.2%, KP by 10.5% and Balochistan by 18.4%.

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<td>Punjab</td>
<td>47.8</td>
<td>55.1</td>
<td>67.7</td>
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<td>46.6</td>
<td>51.2</td>
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<td>87.8</td>
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<tr>
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<td>24.5</td>
<td>30.8</td>
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<td>33.0</td>
<td>39.7</td>
<td>21.2</td>
<td>23.5</td>
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<tr>
<td>Balochistan</td>
<td>10.4</td>
<td>12.5</td>
<td>13.5</td>
<td>15.8</td>
<td>21.4</td>
<td>21.7</td>
<td>12.9</td>
<td>15.2</td>
</tr>
</tbody>
</table>

*Source: PF Wing (Finance Division), Annual Budget Statement 2018-19*

The Economic Survey of 2019-2020 released in June 2020 does not have provincial breakups, and simply shows a 0.1% decline in health expenditure.

Generally, the provinces have steadily expanded their service delivery capacity for public health following the 18th Constitutional Amendment. In Punjab, Sindh and KP, the total number of hospitals stayed constant till devolution, and then started to rise, with the greatest increase being in Sindh. However, the system was still inadequate. According to government statistics, at the onset of the pandemic there were a total of 1279 government hospitals in the country, with a total capacity of 132,227 beds. Ground observations show that even that number is heavily skewed when taking urban concentration into account. As another illustration, the National Disaster Management Authority (NDMA) stated that prior to the pandemic outbreak, there were a total of 2200 ventilators in the entire country, of which only half could be made available to Covid-19 patients. After the outbreak of Covid-19, the federal and provincial governments have scrambled to increase capacity to deal with the surge of patients and have instituted emergency measures.

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However, there is a dearth of reliable data on what the scaling up has meant, even though the federal government has set up a National Command and Operation Center for dealing with information based decision-taking on Covid-19. In one example, the federal government dashboard states that the Sindh government has 2 quarantine facilities with 2100 beds capacity\(^\text{49}\), whereas the Sindh government website shows it has 68 quarantine facilities with 4256 bed capacity\(^\text{50}\). As of 1st June 2020, the federal government’s health Management Information System (MIS) dashboards were not working. No updates were available for district health dashboards, nor for the spread/curtailment/treatment of the country’s health programs on malaria, tuberculosis, hepatitis, AIDS or children’s immunization\(^\text{51}\).

Pakistan had high incidence of chronic diseases. In one estimate from 2013 by the Aga Khan University and Pakistan Medical Association, 40 million people were hypertensive, and 32 million had heart conditions\(^\text{52}\). Around 15% of the population is estimated to have diabetes\(^\text{53}\). All these ailments are now considered to be linked with increased Covid-19 mortality.

Research shows that people are generally one health shock away from poverty. Nishtar et al show how precarious the health situation was: “Many are catastrophically pushed into the ‘medical poverty trap’ or worse, do not receive any care. Healthcare costs account for more than 70% of the economic shocks faced by poor households… Catastrophic expenditures are more likely to incur in rural areas and increase with the number of women per-household and members over 60 years of age. Lower income households appear to be increasingly at risk of becoming poor due to health payments.”\(^\text{54}\)

Documented household coping strategies range from non-treatment, to using informal credit or selling assets. Heltburg and Lund in their research on shocks and safety nets in Pakistan find a high incidence and cost of shocks borne by households with health dominating in frequency, costliness and adversity, often resulting in food insecurity, informal debts and bonded labour\(^\text{55}\).


\(^{50}\) Health Department, Government of Sindh, https://www.sindhhealth.gov.pk/

\(^{51}\) http://nhsrc.pk/# access attempts from 22nd May till 2nd June 2020

\(^{52}\) Non-communicable diseases and injuries in Pakistan: strategic priorities. The Lancet, Volume 381, Issue 9885, July 2013

\(^{53}\) https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6659044/#:~:text=The%20prevalence%20of%20diabetes%20in,total%20sample%20of%2026%2C999%20people.


While the pandemic could not have been anticipated by state authorities, prior investments in health infrastructure and lesser incidence and intensity of poverty would have buffered the shock. There is an official recognition of such need. The government’s official Economic Survey 2020 states,

“Covid-19 offers us a chance to rethink previous approaches to public sector investments…it will be the reorientation of policy and lawmakers’ ways of thinking about development which could create the most profound impact to the virus and define whether Pakistan, as a nation, comes out more resilient in the post-crisis world.”56

Social sector concerns, such as health and education have traditionally not been prioritized in either political discourses or featured as electoral issues. But Covid-19 has centred health architecture and service delivery issues as a public concern. Though this limelight may dissipate, it has created a political urgency for redress. As a devolved subject, provincial governments have the authority and resources to make systemic changes for public health. Through the pandemic, it seemed good performance in any one province incentivized the others to perform better, whether through competition or through example. Khyber Pakhtunkhwa has already announced a progressive model of universal health insurance for all families in the province and included its allocation in its new budget. It may be strategic to create the demand and push for pro-people reforms in health sectors of provinces. Such advocacy could sync with and target the federal government’s stated aim, where it undertakes it as its long term objective in the Covid Plan of Action57, to:

a. Contribute in development of robust national health security agenda for all hazards and pandemic preparedness framework for Pakistan, and

b. Capacity development and evolving organizational reforms including reorganization of health security establishment at national and provincial/ regional levels.

Economic impact

Six months into the pandemic, its economic fallout has already been staggering. Pakistan has recorded its first economic contraction since 1952.

In addition to the health crisis brought about by the pandemic, there is an immense demand for increased expenditure while revenues become increasingly harder to raise. The federal government, when presenting the Economic Survey 2020 and the federal budget in June, said it

had tried to use whatever fiscal space was available to present a pro-poor budget, including by not adding any new taxes, or raising taxes despite the government being hamstrung for revenue sources. It has pointed out that the relief initiatives could have been larger was the country not so constrained financially. The government has urged for more realistic expectations given its outstanding debts and financial limitations.

Pakistan’s economy did not have any buffer to absorb chaos and shock brought about by the pandemic. Economic growth had already declined by 2.3% by the end of 2019 and IMF had projected the GDP growth would decline further in 2020. The National Accounts Committee has revised it downwards to 1.9%, the lowest growth rate in eleven years. Foreign exchange reserves had been shored up through money borrowed from Saudi Arabia, the UAE and China. However, Pakistan had started introducing corrective measures. It obtained an IMF loan in mid-2019 and because of its stipulations, devalued the currency substantially, reduced its current account deficit by 70% and curtailed its development expenditure to get a positive primary balance. At the start of 2020, the Prime Minister declared his government had stabilized the economy. Its fiscal deficit was brought to 1.6% of GDP and international rating agencies upgraded the country’s credit outlook. However, the economic situation remained precarious.

Post Covid-19 all key sectors failed to meet targets. According to one financial analysis, overall the industrial sector declined by (~) 2.64% during the lockdown, and foreign direct investment was halved. The World Bank estimates that it is likely that Pakistan will suffer a negative growth rate (contraction) between -1% and -1.5% during the current fiscal year. Almost half of Pakistan's exports are to countries most affected by the pandemic, and the impact on their economies and markets and their revival initiatives effects Pakistan directly. Most exporters are large businesses, which employ a significant number of workers, and have extensive supply chains – drop in exports will exacerbate the employment crisis. Already the Pakistan Bureau of Statistics shows that by April 2020, exports decreased by 54% from where they were in April 2019 - though this may be reflecting only the initial shock of the initial lockdown and disruptions in shipments and delayed payment transfers.

The Economic Survey 2020 underscores the economic devastation brought about by the pandemic. In the following table, it quantifies the impact by looking at projected figures pre-pandemic and the post-pandemic actuals. Almost every sector of the economy has been negatively impacted, from industries to services to agriculture. Only savings seem to be somewhat cushioned, and that may change as well, if the crisis becomes protracted.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Pre-Pandemic</th>
<th>Post-Pandemic</th>
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</thead>
<tbody>
<tr>
<td>Industry</td>
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<tr>
<td>Agriculture</td>
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<tr>
<td>Services</td>
<td></td>
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<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
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<tr>
<td>Foreign Direct Investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Sector</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

58. Khurram Husain, FY2020: from adjustment to lockdown, Dawn, 11-06-2020
60. China, UK, US, France, Italy, Spain and Germany
Pakistan Economic Survey 2019-20

The Sub-committee on National Coordination Committee (NCC) has worked out an impact assessment of Covid-19 on the Real sector of the economy. The details have been given in the table below.

### Macroeconomic Overview FY2020

<table>
<thead>
<tr>
<th>Items</th>
<th>Unit</th>
<th>Prov. 2018-19</th>
<th>Before 2019-20</th>
<th>After 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Real Sector</strong></td>
<td></td>
<td></td>
<td>Proj.</td>
<td>Prov. Actual</td>
</tr>
<tr>
<td>Real GDP Growth</td>
<td>%</td>
<td>1.9</td>
<td>3.3</td>
<td>-0.4</td>
</tr>
<tr>
<td>- Agriculture</td>
<td>%</td>
<td>0.6</td>
<td>3.0</td>
<td>2.7</td>
</tr>
<tr>
<td>- Major Crop</td>
<td>%</td>
<td>-7.7</td>
<td>2.8</td>
<td>2.9</td>
</tr>
<tr>
<td>- Livestock</td>
<td>%</td>
<td>3.8</td>
<td>3.2</td>
<td>2.6</td>
</tr>
<tr>
<td>Industrial sector</td>
<td></td>
<td>-2.3</td>
<td>0.7</td>
<td>-2.6</td>
</tr>
<tr>
<td>- Manufacturing</td>
<td>%</td>
<td>-0.7</td>
<td>0.5</td>
<td>-5.6</td>
</tr>
<tr>
<td>- LS M</td>
<td>%</td>
<td>-2.6</td>
<td>-1.3</td>
<td>-7.8</td>
</tr>
<tr>
<td>Services</td>
<td>%</td>
<td>3.8</td>
<td>4.2</td>
<td>-0.6</td>
</tr>
<tr>
<td>- Wholesale &amp; Trade</td>
<td>%</td>
<td>1.1</td>
<td>3.2</td>
<td>-3.4</td>
</tr>
<tr>
<td>- Financial Businesses</td>
<td>%</td>
<td>5.0</td>
<td>4.7</td>
<td>0.8</td>
</tr>
<tr>
<td>Inflation (GDP Deflator)</td>
<td>%</td>
<td>8.4</td>
<td>11.8</td>
<td>9.1</td>
</tr>
<tr>
<td>Nominal GDP Growth</td>
<td>%</td>
<td>10.5</td>
<td>15.4</td>
<td>8.6</td>
</tr>
</tbody>
</table>

### As % of GDP

| Investment                  |        | Before 2019-20 | After 2019-20 |
|                            | 15.6   | 15.6           | 15.4           |
| - Fixed Investment         |        | 14.0           | 14.0           | 13.8          |
|   - Public Investment      |        | 3.7            | 3.8            | 3.8           |
|   - Private Investment     |        | 10.3           | 10.2           | 10.0          |
| National Savings           |        | 10.8           | 13.4           | 13.9          |
| Domestic Savings           |        | 4.1            | 6.4            | 6.8           |
| Foreign Savings (incl. Official Transfers) | | 4.8 | 2.2 | 1.5 |

The dilemma the pandemic poses for the economy is that while it is contracting and its fiscal space shrinking, the demands for spending are increasing by orders of magnitude, whether for social protection for citizens or business bailouts. The federal and provincial governments are most strapped for resources precisely when they need them the most.

Pakistan’s economy has been riddled with systemic problems and, despite avowals from various governments in power, have not been able to address many of them comprehensively, prime among them the example of having a very low tax to GDP ratio. Pakistan has actually witnessed a negative growth rate in tax collection, while the Federal Board of Revenue is paying tax refunds from supplementary grants to inflate revenue collection figures\textsuperscript{62}. Independent economists have said the government is lumping its own inefficiencies by attributing every failing to the pandemic.

Increasing the tax base presents a potent political challenge necessitated by the need for revenues, and is a consistent demand by the IMF as one of its conditions for loans. As a result, in every year’s budgets, governments set unrealistic tax collection targets – in this year’s budget, amid a pandemic and contracting economy, the government aims to collect 27\% more tax than it did in the previous financial year. Provinces make their budgets on the basis of anticipated tax collection that never come through, and end up slashing their development expenditures to meet the shortfall. Yet the provincial governments are also bound by the same political considerations as the federal government and do not want to increase or levy provincial targets and remain dependent on federal disbursements. It’s a short circuit. In the wake of the pandemic, the federal and provincial governments may have to reconsider their political priorities and move towards serious efforts at increasing revenue collection, despite its political opportunity cost. They may have to do so not driven by an appetite for reforms but compelled by survival needs.

Towards the end of April 2020, Pakistan launched a funding appeal to meet the pandemic challenge that totalled $595 million\textsuperscript{63}. According to the NCOC sitreps (situation reports) dating from early April to mid-June, in response to its appeal, World Bank has pledged $200 million for the Pandemic Response Effectiveness Project (PREP), plus redirected another $38 million from existing projects\textsuperscript{64}; the Asian Development Bank approved $500 million to mitigate negative economic impact\textsuperscript{65}; EU offered Pakistan $163 million\textsuperscript{66}; the UK announced GBP 4.39 million\textsuperscript{67} and the USA announced giving $21 million.

\textsuperscript{62} Mehtab Haider, FBR paying refunds through supplementary grants, 7th July 2020, https://www.thenews.com.pk/print/683331-fbr-paying-refunds-through-supplementary-grants
\textsuperscript{63} https://www.dawn.com/news/1551769
\textsuperscript{65} https://tribune.com.pk/story/2239651/1-adb-approves-500m-loan-pakistan-coronavirus-relief-fund/
\textsuperscript{66} NCOC Sitrep 10th May
\textsuperscript{67} NCOC Sitrep 31st May
Pakistan has relied in the past on international aid, grants, shoring up of foreign currency reserves, oil support facility and budgetary support to help out through its crises, from the ‘War on Terror’ to natural disasters like floods and earthquakes, to the frequent economic instability. Tough stipulations for loans, specifically from the IMF, have led to incremental reforms, but structural issues such as perpetual debt financing and a relatively high military budget continue to constrain the economy. As of May 2020, Pakistan’s liabilities are nearly the size of its economy, with a debt-to-GDP ratio of 98%.

As the coronavirus hits economies across the world, whether there is a global recession or not, the amount of money available as aid for foreign countries is likely to shrink. As one illustration, Oxfam International has already announced that it will be winding up its work in Pakistan as well as in 17 other countries due to the financial crisis caused by the pandemic. The Department for International Development (DFID) has merged with the British Foreign Office and there is speculation that its anti-poverty agenda will be superseded by financial assistance that furthers Britain’s foreign policy interests. Many countries will in all probability scale back their development programs and overseas assistance. Pakistan will likely need to make tough decisions.

**Poverty on the rise**

The macroeconomic figures translate into painful poverty and insecurity at an individual level. Welfare of the poor in face of lockdowns and constrained livelihood opportunities, particularly among daily wage earners has been a central concern of the federal government. It decided to give them a one-time cash grant to tide them through the worst of the pandemic. However, the government was hindered by incomplete knowledge of the country’s poverty profile.

The only comprehensive database that captured the country’s poverty profile, the National Socio-Economic Registry (NSER), was made in 2010 for the cash transfer social protection mechanism, the Benazir Income Support Programme (BISP). It documented the socio-economic status of 27 million poorest households. The government used the NSER database for its Covid-19 related cash transfer, scaling up the previous 4.5 million BISP beneficiaries to 12 million households under its Ehsaas program.

But the 2010 data is now outdated. Between 2001 and 2015, poverty in Pakistan halved from 64.3% to 24.3%, meaning 32 million people were lifted out of poverty, according to World Bank data. A study assessing poverty trends 2009 to 2013 found the provinces of KP and Punjab reduced rural poverty more than urban poverty, whereas Sindh and Balochistan

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reduced urban poverty more than rural poverty\textsuperscript{70}. KP has gone from being the poorest province to being the least poor along with Punjab\textsuperscript{71}. The poverty profile has changed. The government has now started updating the NSER, 20\% of which has been completed as of May 2020\textsuperscript{72}.

Karachi Urban Lab point out that the lack of data runs across the system. In trying to assess how the pandemic hit informal settlements and slums in Karachi, they point towards the lack of reliable information. They find even the population census a problematic source of information, since it counts people based on where their identity cards state they live, and not on where they actually live. They question how governments can generate epidemiological models to predict the spread in populations when there is no reliable data about them\textsuperscript{73}. Karachi’s urban informality, in fact, the nature of informality across Pakistan poses a specific set of challenges that governments have not begun to address.

The unemployment rate was 6\% before the outbreak and post outbreak is set to rise further – between 17\% to 20\% according to Hafiz Pasha’s projections, and up to 37\% by calculations published by the Pakistan Institute of Development Economics (PIDE). Economist Asad Saeed makes the case that unemployment rate itself is not a responsive metric in Pakistan since under-employment is a far more pervasive feature of Pakistan’s informal economy, and the under-employed cannot earn liveable wages with menial and part time work, so employment provides no safeguard against poverty and deprivation.

The pandemic may have pre-empted another future onslaught many global observers have been predicting: mass redundancies in face of automation and artificial intelligence. The globally proposed solutions range from universal basic income to job retraining and job-sharing. In strategizing against job losses and layoffs through the pandemic, Pakistan can think through longer term options for sustaining its burgeoning population in face of shocks of varying nature.

Whether Pakistan can envision a citizen income or not, it is imperative for it to enforce implementation of minimum wages across the board. Its Ehsaas cash transfer is a one-time payment and will not be enough to help the precariously positioned daily labourers through the looming economic crisis. While the State Bank has announced low interest medium term

\begin{itemize}
  \item 72. Poverty Alleviation and Social Safety Division, Government of Pakistan, https://www.pass.gov.pk/Detail92a7fc95-647d-43bd-a86c-477897e596e2
\end{itemize}
loans to assist in salary payments so that jobs remain secure, layoffs and salary cuts have already started and will continue to increase.

The problems with enforcing a minimum wage are already well known. In Pakistan’s low-skilled labour surplus economy, workers have low bargaining power to demand it themselves. It is a devolved subject, so the central government cannot legislate on it; it falls to the provinces. In any case, it is assumed to only cover the formal sector, whereas the bulk of the economy lies in the informal sector. The provinces have wage boards that decide minimum wage, but have no capacity, personnel or sense of urgency to implement it. Labour departments are short-staffed; the total number of labour inspectors have been static for decades. The penalties for under-payment are too slight to provide any real deterrent. Incentives such as GSP Plus preferential market access made no significant difference in getting factories and commercial units to pay up. However, implementation of minimum wages would provide some buffering of the pandemic’s economic fallout for thousands workers at the margins, without provincial and federal governments having to foot the bill for it. The burden will fall on employers, and it is already a law of the land so lobby groups cannot legally have an oppositional position.

**Effects on women**

Women’s rights activists raised concerns as soon as the lockdown started, of shelters for survivors being closed, and women facing domestic and other forms of violence not being able to access distress services, and demanded the shelters be allowed to function as essential services. In a Jinnah Institute report, Malkani noted that despite the number of helplines that have been set up at the federal and provincial level to receive domestic violence complaints, their effectiveness is questionable. Many did not attend their phones, and it is unclear whether the helpline provides any service other than legal advice. The limited access of women to phones and wireless technology in Pakistan also undermines the effectiveness of helplines. Only 39% of women in Pakistan own mobile phones as compared to 93% of men. She suggests this could be one of the reasons why there is a large disparity between calls to helplines and cases of domestic abuse and murder recorded by the police. As one illustration, while there were 25 complaints of domestic violence to the Khyber Pakhtunkhwa “15” helpline in March 2020, the police registered 399 cases of murders of women during the same period.

Though the lockdown has now been lifted, serious gender concerns will persist in the medium and long term. Sara Zaman notes the economic downturn will significantly impact women workers in the informal sector, specifically casual, daily-rate and piece-rate workers, anticipating that women agriculture workers specially belonging to religious minorities are likely to be worse off than others. Zaman also draws attention to urban poor women, slum dwellers, squatter-settlers and periphery populations would also be disproportionately impacted due to

74. Farzana Bari and Sara Malkani, Farthest Field: Women and Covid-19, Policy Brief, Jinnah Institute, 2020
overcrowding, urban density and subsequent inability to maintain social distancing and unequal access to water & sanitation.

The federal government’s Economic Survey 2020 acknowledges that there are currently 12 million women HBWs who earn around Rs3000 to Rs4000 per month. It emphasizes the need to identify potentially vulnerable women-led households, which the survey estimates at approximately 13%, that are at greater risk of poverty, hunger and disease and recommends leveraging databases such as Ehsaas and BISP to identify and target this group for assistance.

Over the years, highlighting the gendered impact of crises by women’s rights advocates, activists, the humanitarian sector and development sector have created an awareness about the differential effects on women. During the outbreak, there was a focus on women, and the federal government through the Ministry of National Health Services, regulation and coordination, commissioned an urgent rapid appraisal of Gender, Social Risk and Impact Assessment under its Pandemic Response Effectiveness in Pakistan (PREP) Project. The Jinnah Institute published a policy brief, The Farthest Field: Women and Covid-19. The Sindh government commissioned a rapid gender assessment of the response. A series of webinars were organized by various networks on the issue, including by UN Women in collaboration with UNODC, and by one of the most active feminist platforms of the Pakistan women’s movements, WAF (Women’s Action Forum).

Assessing the post-outbreak situation for women, Bari recommends using the pandemic disruption to bring the undocumented sector of the market into the formal sector of the economy as a pro-women measure, as they stand to gain immensely from such formalization, as well as targeting financial support and incentives for small women-run businesses75.

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75. Farzana Bari and Sara Malkani, Farthest Field: Women and Covid-19, Policy Brief, Jinnah Institute, 2020
7. Key Problems of Pakistan’s Corona Crises and Political Responses

Political prioritizing, resource allocation and decentralization

In the first meeting of the political leadership across parties after the onset of the pandemic, the Prime Minister spoke his piece and logged off without listening to opposition leaders. After registering their protest, they ‘walked out’ as well. A special session of the parliament was convened to develop a national strategy to deal with the pandemic – the Prime Minister did not show up for it. The opposition protested, then arranged their own All Parties Conference to which the ruling party is not invited. The Prime Minister says the opposition makes a pointless racket and engages in mudslinging. So when he visited Sindh, he did not meet the Chief Minister or leaders of the party that rules the province. The Sindh government claims it is not being allowed to function and is being treated like a ‘colony’, and has reverted to its historic grievance narrative.

To an extent, these are routine political theatrics. But they signal deeper, underlying frictions. A crisis of this scale could conceivably have reset the political interface and led to political leaders syncing objectives, even if temporarily. Instead, the pre-existing political tensions have intensified, particularly on the fraught issue of division of resources.

Political observers noted that the main issue seemed to be the National Finance Commission (NFC) award, the formula which divides financial resources between the centre and provinces, ensuring the fiscal decentralization required for administrative and legislative autonomy. Under the existing formula fixed in 2010, 57.5% of the money goes to the provinces and 42.5% to the federal government – the 18th Constitutional Amendment protects the ratio by ensuring that the provincial share cannot be lowered.

The Prime Minister has said that the resource division is irrational, because it ensures that the federal government borrows money simply to function. After debt servicing payments, meeting


77. Aamir Saeed and Saima Shabbir, Minister says PM busy with coronavirus response as opposition decries his absence from parliament, Arab News 15th May 2020, https://www.arabnews.pk/node/1675121/pakistan
defence expenditure and disbursement to provinces, the federal government starts its budget with a deficit and is dependent on loans. The Prime Minister has pointed out that while he supports devolution of powers and financial decentralization, the current structure is unviable.

But despite the PM’s political party forming government in three provinces, they do not have the numbers in parliament needed to bring about the constitutional change required for lowering provincial and increasing federal shares. The other option is for provinces to voluntarily agree to set aside some percentage of money for some federal expenses before the remainder is divided as per existing formula. And that the Sindh government will not agree to, since it tramples over the rights of provinces. It has interpreted this as an attack on the principle of devolution and an indication of government attempts to undo it.

There are several reasons for the standoff. The federal government was meant to increase the tax to GDP ratio in order to increase its resource base, which three successive governments failed to bring to adequate levels. The provinces were supposed to raise their own taxes and distribute financial resources among districts through provincial finance commissions, which the provinces failed to do. The center was supposed to scale down its ministries and divisions after subjects like health, education, law and order etc. were devolved, but instead were maintained and expanded for political expediency whereby federal expenses actually increased.

The alternative is for the federal government to drastically decrease its own operating costs, lower non-combatant defence expenditure and increase the tax base. While the federal government has taken steps towards scaling down its own costs, increasing the tax base has been historically challenging for all governments in power, carries a significant political cost, and may not even be possible in the middle of a pandemic and contracting economy. Any move towards rationalizing defence expenditure is extremely difficult for any political government, given the country’s civil-political asymmetries of power.

The terms of reference for the new NFC notified by the President of Pakistan following the Covid-19 crisis includes new areas to be taken up regarding sharing resources to meet security/ defence expenditures, debt repayments, losses incurred by state owned enterprises and federal subsidies. The upcoming 10th NFC award is likely to be an intensely contested process. The populism of the ruling party, with its constant pitching itself versus political opposition as a battle between good and evil leaves little room for collaboration.

On social media and in newspaper columns, commentators increasingly point towards the need to scale down the defence budget to create fiscal space for social protection and poverty alleviation. On mainstream broadcast media, the consensus seems to be the need to practice austerity at the government level, while holding past governments to account for the corruption and inefficiency which led to the current situation. Average citizens seem to be sympathetic to the government for being stuck with loan repayments, but are resistant to the idea of expanding the tax base and being brought into the tax net as a way of easing fiscal distress.
Leaders will have to take tough decisions of either drastic austerity, which will have untenable social costs, or exponentially increasing its tax base, which will have unpredictable economic costs, or substantially reducing its defence expenditure, which may have high political costs.

Some new directions are already being explored. The Khyber Pakhtunkhwa government has raised the need to rationalize pensions and explained the issue in a citizen-directed budget publication, warning it could rise to 45% of its entire budget. There is an urgent need for a participatory national conversation because difficult decisions cannot be circumvented – whether it is increasing the tax base and doing away with the two hundred plus exemptions, or rationalizing the defence expenditure, or finding new options.

**Absence of local governments**

The pandemic outbreak occurred in the backdrop of dysfunctional and disbanded local governments. As the integral pillar of service delivery, state responsiveness and community representation, local bodies could have been pivotal in swift establishment of medical facilities including quarantine, communicating with and providing information to people about SOPs and ensuring those are followed, helped targeted relief disbursement, increased targeted testing and ensured contact tracing of corona-positive cases.

There were no local governments in place in three provinces: Balochistan, Khyber-Pakhtunkhwa and Punjab. While a local government system has been instituted in Sindh and was functional through the pandemic, it remains dependent on provincial government approval on budgetary allocations and disbursements. In Punjab, the previous local government was dissolved and a set of new, improved laws were passed in May last year, the Punjab Local Government Act 2019, and the Punjab Village Panchayats and Neighbourhood Councils Act 2019 under which elections were to be held before May 2020. They could not be held before the viral outbreak. In KP, the previous local government completed its term in August 2019 and elections were to be held within four months. The ruling party in power had earlier proposed a bold law attempting decentralization in its true spirit, but the PTI then diluted it by revoking district councils making it answerable to the district administration and remaining dependent on provincial government approvals. In any case, the elections were not held. In Balochistan, the dissolution of previous local government took place in January 2019 and the next election has not been held to date.

The establishment of local governments is constitutionally binding on all provincial governments. The three provinces governed by the national ruling party have no locally elected administration, whereas the federal government decided to take the one province which is

ruled by an opposing party and has a local government system in place, to court, petitioning the Supreme Court against Sindh’s local government system as being inadequate and unresponsive to big urban cities. While it is not possible nor advisable to hold LG elections in the middle of a pandemic, there is little to no public debate, or sense of inadequacy expressed by the government on account of LGs not being in place. This might indicate that the federal and provincial governments may continue to see local governments as secondary, and not the central pivot in their outreach infrastructure.

In the absence of local government’s outreach support, the government has announced a federal youth volunteer force of ‘Corona Tigers’ to contain the spread of the pandemic through spreading awareness and information, enabling people to follow distancing and other operating procedures and identifying the needy. This is likely to be an unsuccessful experiment at substitution. There are emerging scattered social media testimonials about the volunteer force acting like vigilantes in a few instances.

**Political messaging and political trust**

A survey by Gallup Pakistan on public perceptions, attitudes and behaviours around the pandemic conducted in June 2020 found 55% of people in Pakistan believe the threat of the coronavirus has been exaggerated.

One third of the people were sceptical about the number of cases being reported by the government. This is despite the same survey finding that 1 in 5 Pakistanis claims to know someone from within their social circle who has contracted the virus.

There have been many media reports and social media postings sharing the rumours and conspiracy theories circulating among people about Covid-19, which are having a material impact on pandemic management. At the Jinnah Postgraduate Medical Centre in Karachi, an isolation ward was trashed by a mob when the body of a patient wasn’t handed over immediately to the family for funeral rites. Dr Yahya Tunio, a doctor at the hospital, told the BBC that the medical staff are “fighting both, the coronavirus and ignorance”.

People are refusing to get tested because they fear they and their families will get “picked up” by state agencies; some are refusing to go to hospital when sick because they think they will be given poisoned injections to increase death counts – since they think authorities are getting paid money by foreign donors for every declared Covid death; some ignore the distancing protocols and think the whole pandemic is a hoax, or that authorities are forcibly taking away the deceased bodies of their loved ones from hospitals; some think Pakistan is being used as a

giant experimental laboratory by China to test drugs, or to insert a mind-reading micro-chip in their bodies80.

There is a history of resisting new technologies, including medical interventions by invoking conspiracies, for instance the resistance of some to the polio vaccine, and earlier to iodized salt. This may be explained by modernity and its instruments being experienced as a double-edged sword. But part of the issue through the pandemic has also been the misinformation and mixed messaging coming from the government and political leadership. While there was much about the virus that was unknown in the initial stages of the outbreak which is now known, and much still remains unknown, officials in Pakistan rarely said that there was much they didn’t know. Instead, they publically passed on wrong information.

Journalist Fahad Desmukh threaded together the kind of misinformation that government officials have spread81. Towards the end of March the Federal Information Minister said the virus was dangerous but not deadly; the Governor of Punjab said on television that drinking hot water regularly sends the virus from lungs to the stomach, where it is killed off; the MPA and President of PTI Karachi said the Sindh government is exaggerating the number of cases because when he visits hospitals there are no Covid-19 patients there, and that Pakistan has a ‘Type C’ Covid strain which is the weakest form of the virus; the Minister Planning and Development said more people die of car accidents than the virus but no one ban cars, and that the Imperial College study projecting high casualties for Pakistan should be ignored because ‘we are not mental slaves of white people’; the Minister for Climate Change said the ‘19’ in Covid-19 refers to 19 points of immunity which can vary by country; the Special Assistant to the Prime Minister said doctors who were asking for lockdowns were doing so on behest of PPP, the opposition political party; the Ministry of Science and Technology claimed they had developed the capability to conduct anti-Covid sprays through drones82; the Special Advisor on Health said countries’ case curves flatten on their own within five months, and that the situation was ‘under control’ when there were two and a half thousand positive cases being reported per day.

The Prime Minister, while urging people to practice social distancing, also made various statements, such as the virus can be fought of with self-belief, confidence and faith in God; that the virus is like the flu, and later berated people for treating it like the flu; and that lockdowns were unfeasible since they were curfews meant to keep people forcibly indoors till a vaccine was found.

81. https://twitter.com/desmukh/status/1268177509687885825
82. Sitrep 9th April, NCOC
The government was not the only pillar of state causing confusion. The Supreme Court also sent out conflicting signals. It took suo moto notice of the pandemic response and summoned federal and provincial authorities to present their case. First the court gave a written order that it was dissatisfied with the National Disaster Management Authority and could “Find no reason why so much money is being spent on this corona virus” and that the pandemic “is not a pandemic in Pakistan but is swallowing a huge amount of money.” It instructed the federal government to open all businesses and ordered the Sindh government to reopen all shopping malls, which it had closed. Three weeks later the Supreme Court urged the government to take Covid-19 seriously, and the Chief Justice of Pakistan stated “We are also feeling the heat in this court as two judges have tested positive.” It urged the government to adopt a national level law because it was a ‘national emergency’. The federal government welcomed both sets of the courts orders and stated it was a vindication of the government’s stand. Pakistan in its recent past has had to grapple with a judiciary that uses suo moto powers to intervene in decision-making which is in the ambit of the executive. Many public intellectuals have written about the issues arising from judicial activism and an interventionist court.

As the pandemic intensified, many people and institutions have reconsidered their earlier attempts to downplay the crisis. Since the cases have started to dramatically rise, there has been a newfound urgency in messaging by the Prime Minister as well as by other leaders in the federal government. They have been imploring people to voluntarily adopt SOPs and attempted to make it mandatory to wear masks in public places, and a spate of public service messaging has been deployed via various media platforms spanning radio, television, print, text messaging, cell phone ring tones, as well as online channels.

The public may have already turned to others. In a Gallup poll, with a ‘nationally representative sample of adult men and women from across the four provinces’, when asked whose advice they trusted the most regarding the coronavirus, 68% said they trust doctors the most, followed by 11% who said they trust religious leaders and only 5% said they trust politicians. This is not just specific to Pakistan, and is being observed in Covid-19 responses across the world.

Despite media messages, urging by the Prime Minister and political leadership and advice of experts, people continue to not wear masks or practice even minimal social distancing. The

Punjab Health Minister expressed her frustration on television, on people refusing to take the pandemic seriously and not follow government’s instructions.

However, this as well as the rumours in circulation may not be the result of the government’s conflicting messages and may signal a deeper underlying malaise: the historical distrust between citizens and the state. Several scholars have written of the corrosive effect political distrust has on democratic politics, its association with lesser law compliance and its presentation as a manifestation of the failure of representation.

While distrust of institutions can build over a short period of time, dismantling it requires far more time and effort. In Pakistan, the historical civil-military asymmetry and castigation of those elected into power has created political polarization: on one side the suspicions about democracy and representation, and on the other about the intentions and interventions of the establishment. Through the pandemic, when a significant portion of citizens have to necessarily rely on the state, the state will need to find pathways to bridge those divides, including for those who may not have voted for the current party in power. Allowing distrust to fester will pile on social and political costs and inhibit the basic levels of consensus a political entity needs for functioning.

Religious authorities and the state

The power of the clergy continues to remain an important contradiction in Pakistan. On the one hand, elected governments can rarely contest them because of their street power and, more potently, because they can discredit and delegitimize them as being against religion and inflict a high political cost. On the other hand, religious political parties have not been able to translate their hold into electoral gains, and have not been able to form government, with the single exception of a KP provincial government in the wake of the US and allied forces attacks on Afghanistan post 9/11.

The current federal ruling party has been ideologically allied to religious-political parties and proselytizing faith based organizations in the past, and in the Covid-19 outbreak, remained accommodating about their demands to allow prayer congregations.

When Pakistan crossed the 20,000 case mark, 12% of the total cases were attributed to the annual religious gathering by the Tableeghi Jamaat in Lahore, at that point constituting the single largest group infected that far.

In mid-April, in the middle of the lockdown, religious leaders from across sectarian divides came together to announce they were unilaterally opening all mosques. The government signed an agreement to allow mosques to stay open through Ramzan provided they followed a list of 20 rules, including doing ablutions from home and maintaining a six feet distance between those praying.

Doctors protested against this – in Sindh two separate press conferences were held, one by women doctors working in the public sector, and another by doctors leading the medical Covid-19 response - imploring for mosques to remain closed and warning of exponential growth of cases overburdening the health system, even predicting its collapse if congregations in mosques are not halted\textsuperscript{88}. Their warnings were dismissed as having being done in collusion with the Sindh government to oppose the federal government’s policies. Soon after, doctors, nurses and paramedics across the country spoke out against easing of the lockdown and putting lives at risk, demanding that medical science and not political or economic expediency be allowed to steer the country’s response.

The Sindh government banned prayer congregations at mosques till the end of the lockdown, while they were allowed to continue in the rest of the country\textsuperscript{89}. In Karachi, Sindh's capital city, when the police tried to prevent worshippers from gathering at mosques, they were attacked and pelted with stones – the images were flashed all over television screens.

Part of the issue was the timing – mosques depend largely on donations, and the volumes of donations are highest in the holy month of Ramzan – there are no studies quantifying the amount but speculations place it at ‘millions of dollars’. The clerics pointed out the need for receiving donations in a letter they collectively sent to federal authorities. Asad Hashim in Al-Jazeera raises the point that the clerics themselves, as many of their followers, believe mosques perform an essential duty, and hence must stay open\textsuperscript{90}.

In a New York Times feature, Habib and Rehman reported that in private meetings, clerics warned that prayer restrictions would bring about “God’s wrath”, noting it was “Code for the political chaos that imams have unleashed in the past.” They inferred clerics were worried that mosque closure could open the floodgates to “Provide an opening to finally bring them under


the state’s authority.”

Explaining Pakistan’s relationship with religious clerics in reference to the pandemic outbreak, political scientist Ahsan Butt explained to Al-Jazeera that Pakistan was a state built on Muslim nationalism yet not a theocratic or Islamist state, so religious leaders wield immense influence without being part of the state, making them a decentralized political power outside the ambit of the state.

The federal government organized a telethon to raise money for the Covid-19 response, attended by Prime Minister Imran Khan. A popular religious leader Maulana Tariq Jamil was invited to close the event with a prayer for the country’s well being. In his summation, the cleric accused the media of lying about the health crisis and blamed women’s immodesty for bringing about God’s wrath in the form of the coronavirus. After an outcry, Maulana Tariq Jamil apologized for his comments about the media but not about blaming women. Such accusations are routine, where clerics frequently blame women’s actions, the way they dress and their comportment for angering God and therefore causing natural disasters like earthquakes.

The Prime Minister stated that Pakistan’s biggest assets in confronting the coronavirus were the country’s religious conviction and its youth. The Pakistan Army released a song through its media wing ISPR in support of ending lockdown, the chorus of which roughly translates as, “Without any worries I go on, my land is with me, from above there is God’s protection.” On social media, people across the country share accounts of people refusing to practice medically prescribed SOPs because strong faith and religious recitations provide immunity against the virus. In a recent example of incessant frivolous litigation, a citizen approached the courts with the plea that the federal government’s publicity campaign tagline for battling Covid-19, “Don’t be scared of Corona, fight it instead” (“Corona say darna naheen, larhna hai”) was un-Islamic because no one could fight against the will of God. Instead of dismissing it, the courts chose to forward the matter to the Council of Islamic Ideology to solicit their opinion before the next hearing of the case.

In Pakistan’s context where science and scientific approaches are not given public primacy, and where emotive religious and cultural arguments often trump rational discourse, the pandemic response could have reoriented the course by letting medical science take centre-stage in decision-making. Instead, the same traditional messages were reinforced. While there is no evidence to infer that clerics have gained more strength and power through the pandemic, it can safely be said that their influence in shaping the country’s direction has not lessened either. Their importance remains central, even when faced with a public health crisis which should have been led by the medical and scientists’ community.

As of the writing of this report, two looming religious events are stressing district administrations across the country. Eid-ul-Azha, which usually has mass prayer congregations and ritual sacrifice of animals – Pakistan does not regulate the sites of sacrifice and densely crowded pop up livestock markets emerge across the country. The other is the upcoming month of Moharram, the month of ritualized collective grieving, featuring mass congregations called majalis and funerary processions. The authorities have yet to announce any regulation or strategies to ensure that these do not become super-sounder events.
8. Conclusions

The pandemic blindsided most authorities in the world. In Pakistan, all pre-existing disaster management protocols and early warning mechanisms were rendered useless. The usual phases of disaster management – prevention, response and recovery, all collapsed into a single time frame and had to be dealt with simultaneously.

Pakistan’s official response and people’s reactions changed over time as the pandemic intensified in the country. People began to take the threat somewhat more seriously. The official focus has shifted from the immediacy of the medical crisis to mid-term solutions, from the search for protective gear and ventilators, to improving medical facilities and increasing allocations in annual budgets; from debating whether it is a flu to exploring realistic ways of managing social distancing; and from trying to distribute cooked meals to those in need, to monetary policies to ensure businesses can access low interest loans to retain employees.

In the repertoire of banal solutions lies the cliché that in face of staggering challenges a country must rise above petty politics to come together in epic unity to triumph against adversity. It does not work like that anywhere. But a minimal thematic consensus is possible. At the very least, there could be a broad agreement that Covid-19 exists, that it must be fought, and that all hues of leadership are trying to fight it. The debate would then shift away from intentions and suspicions and towards which strategies are better to fight it.

The country has not been able to bring together visionaries who can collaborate for long term planning. The religious right-wing clerics have so far chosen to protect rituals, sentiments, territories and practices over rational approaches that save lives. The governing leadership is itself confused and unconvinced and has consistently sent out mixed messages about the pandemic, giving leeway to conspiracy theories. It has responded to serious questions about strategies and efficiencies by resorting to blame games, much like political dynamics in the rest of the world. Much about Covid-19 is unknown, and scientists and doctors openly acknowledge it. Maybe political leadership can learn from them, that it is honest and acceptable to say “We don’t know yet.”

For when the vaccine is made available, there has been no public discussion on how it would be produced or procured, what mechanisms exist for internal distribution, what price points and subsidies can be made available and who should be prioritized beneficiaries. The ‘wait till it is necessary to act’ is what got the country to this point in the first place - out-dated and inadequate data, lack of medical response architecture and coordination; uneven access to quality care; and no local governments in place through which to reach into communities.
Less than three months into the crisis, the central response institutions – the federal government and the NCOC – seemed to have passed on the responsibility of pandemic containment onto people, and confined itself to mitigation strategies. Officials reiterate that people must maintain social distancing and wear masks voluntarily, because the government can neither enforce SOPs, nor lockdowns, nor regulate behaviour in public places.

While there is an argument to be made as to how much an overwhelmed system can take on, and policy makers indisputably need to worry as much about economy as about public health, but passing on responsibility for people’s well being entirely onto people and removing the state from the equation raises questions – why then does the state regulate and penalize those driving cars without seatbelts or motorbikes without helmets? Why regulate or prohibit drugs if citizens are at liberty to make decisions about themselves that cause self-harm? Ostensibly states feel the responsibility to protect citizens from harm, even if it is self-harm, and more so when there is an embedded risk of harming others. If the state distances itself from the responsibility of protecting citizens, where does that leave the social contract and the raison d’etre of the state itself? And where the state seeks to ensure behavioural change, what are the limits of state capacity outside the use of force?

The economy, already in an untenable position, has been shaken and is witnessing its first contraction in decades. It did not come crashing down just because much of the country halted for 6 weeks – the crises are cyclical and embedded. Even before the outbreak, large scale manufacturing was in negative growth and the economy was growing at such a weak rate that it was outpaced by population growth. Debt servicing is the single biggest fiscal drain, claiming over 85% of federal government revenue, and defence expenditure claiming another 40% of federal net revenue. Its previous reliance on international aid and budgetary support is becoming increasingly unviable, given that global funding sources are shrinking as the world moves towards a recession. Systemic issues fester at the sub-national level. While provincial governments place demands of fairness before the federal government, they withhold the same at the district levels. Provincial finance commissions are still not in place and district budgets are not devolved. Unrealistic tax collection targets distort budgets at inception. Pakistan has a limited range of options: to expand its revenue and resource base, to rationalize defence expenditure, or initiate extreme austerity – all options have high opportunity costs, and will require political steadfastness and collaboration, both of which seem to be in short supply. Without structural overhaul, the country’s slide into a debt trap will become inexorable.

Macro-economic statistics and aggregated analyses blur how inequalities and deprivations play out in individual lives. Given government projections and estimates, Covid-19 has already wiped out decades of gains in poverty alleviation. A one-time cash transfer, while timely and necessary, cannot offset the long term financial and livelihood corrosion. A more responsive strategy would be to increase and implement minimum wage, for which laws are already in place, and which shifts the burden away from the exchequer towards private, profit-oriented businesses. By raising implementation of minimum wages as a strategic aim, provincial
governments can ensure more equitable incomes, improve quality of life through dignified work, and implement rule of law and respect for government regulations and regulatory institutions.

It is a novel pandemic but the issues it has triggered in Pakistan are endemic. Research shows that health shocks routinely edge families into poverty. New evidence is mounting that Covid-19 debilitates and results in chronic diseases for many who survive and recover from the virus itself. The country has a good number of qualified medical staff, and a reasonable spread of clinical infrastructure, but serious issues of quality of care, and even accessibility remain. While big urban cities like the provincial capitals are well serviced, there is no incentivizing scheme for service providers to work in poor, remote or under-serviced districts. The frontline medical staff has been unflagging in its commitment and has worked in stressful conditions without necessary equipment and gear, often at risk and in face of threat to themselves - not just from the virus but also from distraught family members of Covid-19 patients. There is likely to be a renewed focus on service delivery, particularly in the fields of health and social protection.

Post-pandemic, there will presumably be greater scrutiny of the budgets and demand for quality of healthcare. Provinces will need to develop mechanisms for making access more even, including to remote and challenging geographical areas. KP has announced it will be introducing universal health insurance with coverage for Rs1,000,000 for each family, hence covering every person in the province through its Sehat Insaf program, which it had been working towards even before the pandemic. Punjab has already introduced a limited health insurance program a few years ago. The demands for more comprehensive social protection are likely to increase.

Pakistan’s handling of the coronavirus was hindered by inadequate response systems. The presence of a local government system could have provided an instant targeting and outreach system. Instead, state authorities scrambled to raise a volunteer force for food distribution and to ensure local compliance with distancing SOPs. Local governments have remained a fraught issue for democratic political parties – there is a history of military dictators vaulting over democratic institutions to local bodies in their bid for ground root legitimacy. Local governments also provide nurseries for political leadership to gestate in, which itself becomes threatening for present leaders; and they draw power away from provincial governments, de-centering not just political decision-making but also requiring fiscal autonomy. However, local governments are a pivotal mechanism for service delivery, as they extend the reach of the state and government to the lowest tier and thereby deepen democracy. The push for devolved, empowered local governments will remain critical for Pakistan.

The thinness of public trust in Pakistan became pronounced through the pandemic outbreak and led to conspiracy theories about deliberate spread of virus, wariness of government institutions and people refusing treatment out of distrust of public sector hospitals. The public trust deficit in the country is a compound of different contradictory relations: the armed forces who give up their lives to protect citizens but don’t trust those citizens to make right judgments; hence they intervene in electoral politics through coups and such; many citizens trust the
security forces to be a bulwark against hostile foreign powers, but distrust politicians who they have been told are allied with hostile foreign powers; many other citizens trust politicians to represent their interests but distrust the system’s ability to let them work; bureaucrats who see the civ-mil centres of power as capricious and see bureaucracy as the only consistency; a media which has a generic cynical distrust of the system but continues to create alliances within it; the lack of a vibrant, gender-inclusive public culture, because of which average citizens do not interact with each other in trust-strengthening ways.

The mistrust of elected governments and state institutions is frequently warranted, but it also makes people sceptical about the system. In Pakistan, the promising consensus on democracy as a critical public good is nascent and fragile and needs public trust to strengthen. The deficit of public trust not only corrodes public culture, but in fact causes any state led initiative requiring consensus and collaboration between citizens and state authorities to be viewed with suspicion.

For trust in public institutions, the system needs to start delivering. A focus on service delivery would transition the country towards people-centric forms of governance instead of being security driven. The preamble to the 2030 Agenda on Sustainable Development states that the Sustainable Development Goals (SDGs) are integrated and indivisible, balancing the three dimensions of sustainable development: economic, social and environmental. The notion of human security encompasses physical security; economic security; food security; environmental security; community security; and political security. It presents alternatives to dominant ideas about exercise of power, by centering cooperation and mutual vulnerabilities and the need for integrated solutions.

Human rights activists and development advocates have in the past tried highlighting the links to show that unless these are interwoven together, they will unravel together. However, the Pakistani state’s outlook has remained grounded in traditional security concerns, at times at the expense of human security and people-centric approach. The Covid-19 outbreak brought the cleavage between both concepts to the fore.

There may be a new conduit in place to centralize human security. Prime Minister Imran Khan’s published policy statement on the Ehsaas programme proposes a radical option. The Ehsaas programme Policy Statement explicitly states the government’s intention to introduce a constitutional amendment to move Article 38(d) from the “Principles of Policy” section into the “Fundamental Rights” section. This change would make provision of food, clothing, housing, education, and medical relief for citizens who cannot earn a livelihood due to infirmity, sickness or unemployment, a state responsibility.

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While the pandemic forced a pause and added urgency for rethinking governance approaches, it has not, and probably will not compel a complete structural reset. While this report has focused on Covid-19, much of the context and consequent approaches to the pandemic lie outside the viral outbreak. For example, every year 530,000 children die of diarrhoea due to contaminated water in Pakistan\textsuperscript{98}. Over 15 million people have hepatitis B or C with thousands more patients contracting it every year due to, according to WHO, lack of prevention and testing, and unsafe medical practices\textsuperscript{99} - the highest prevalence in the world despite having low cost medicine available for it\textsuperscript{100}. Nationwide immunisation for preventable diseases stands at 72\%, meaning one in four children are exposed to them\textsuperscript{101}. Pakistanis live and die among many epidemics – the difference between a pandemic and our routine epidemics is more about other countries, about who else apart from us now has the same problem. In Pakistan, the coronavirus is one more in a list of why people die, yet another tragic part of life. Generally, the value placed on individual life in Pakistan is low – beyond health concerns, this is also reflected in the number of people who continue to die in train accidents, tribal feuds and honor killings, in the low rate for convictions for murder in court cases, for the general impunity for medical malpractice, governance disasters, and other acts that result in loss of human life.

There is now a growing understanding of systemic risk, a crossover concept from finance, which refers to risks imposed by interdependencies in a system whereby a collapse in one part can lead to cascading failure across the system. The 6-week lockdown may have given a glimpse of what a future onslaught of mass redundancies may look like. Globally, some public intellectuals have been speculating that increased automation and artificial intelligence will eventually replace low skilled and skilled labour as costs of such technologies lower. Some countries have already started experimenting with Universal Basic Income. Pakistan, where the bulk of workers have low skill grades and work in the informal sector, will probably get hit hard if such labour substitution were to happen. Can a low to middle income country of over 212 million people consider such a non-conditional citizen’s income? If the government could not manage more than a single transfer amid a disaster, given the state of the economy, is it realistic to even contemplate the idea of Universal Basic Income? And if not, what would that mean for millions to not work? To be rendered redundant and without ability to adapt to new work demands with a government that cannot help them? A few weeks’ pause necessitated by lockdowns has led to failing economies, contracting markets, revived protectionism, political conflict, and as some suggest, even a crisis of civilization. What systems can realistically be

\textsuperscript{98} 530,000 children die of contaminated water every year, Agence France Presse, carried in Dawn, 9th January 2018, https://www.dawn.com/news/1381735


\textsuperscript{100} National Hepatitis Focal Person, Pakistan Health Research Council, Ministry of National Health Services, Regulations and Coordination, https://phrc.org.pk/hepatitis.html

envisioned which cannot pose future ultimatums between lives and livelihoods?

There is a growing perception that barring a renewed spike Pakistan has been able to contain the viral spread. At the time of editing this report, the mortality rate has significantly decreased and is far below all projections. By government as well as some independent media accounts, the number of new cases has declined. There are many speculations about why this is so, though none have been scientifically validated yet. In any case, the pandemic has not resulted in such a massive crisis that the governance system breaks down and needs to be overhauled and rebuilt.

Instead, the pandemic is likely to lead to some incremental reform. The demand momentum for such change may accelerate after the immediacy of crisis response recedes, even as normality resumes. It has already resulted in the first instance of a groundswell demand for accountability for government performance in the social sector. Despite advocacy attempts, neither health nor education nor social protection have previously been heated political issues or contested socially, financially and publically, through legislation, courts or public discourse. Corruption, energy (electricity and gas), law and order, inflation and ethnic discrimination have been hotly contested political issues with electoral implications, but the nascent focus on social sector policies, service provision and budgetary allocations may create new space for engagement.

The debates, dynamics and actions brought to the surface by the pandemic offer crucial vantage points for studying what otherwise festers in opaque foundations. The substrata are also a historical archive. Covid-19 is likely to leave a longer term imprint, even if its outright impact is mitigated, and will continue to shape socio-political dynamics well after topsoil normality is back in place.
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The views expressed in this paper are exclusively her own.

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