



# COVID-19: Policy Options for Pakistan



## COVID-19 Threat and How it is Impacting Pakistan

The rapid spread of COVID-19 in Pakistan has led to several governance challenges. The public policy response during 2020 should prioritize relief in the short term, rehabilitation in the medium term and livelihood asset development in the long-term. Since the spread of the disease in Pakistan, around 11, 155 cases have been confirmed and around 237 deaths have occurred.<sup>i</sup> A global pandemic such as COVID-19 has surfaced after almost 100 years, into a highly globalized, economically integrated world system. In addition to the huge human costs, the effects to the world economy are going to be profound. In developing countries such as Pakistan, where around 71 per cent of non-agriculture employment is in the informal sector<sup>ii</sup> and many of which are daily-wage earners, the economic repercussions of the disease are already surfacing. Social distancing and working from home may not be an option for many, contributing to the health and economic vulnerability of a significant segment of Pakistan's population. The pandemic is also very likely to effect the poverty rate, causing an increase from the baseline 24% to 34 -56% depending on a low impact scenario or a high impact scenario respectively. Similarly, related to the scale of lockdown imposed, the number of unemployed can vary from 3 million in a selective lockdown to 18 million in a full lockdown.<sup>iii</sup> Moreover, a GDP loss of 2.4% has been estimated as a result of COVID-19.<sup>iv</sup>

Pakistan has also for decades struggled with human capital development that has limited the country's overall human development potential. The closing of schools and universities, and generally low reliance on technology, will have a serious impact on the over 50.6 million children and young adults enrolled in an education institution.<sup>v</sup> The agriculture and manufacturing industries will also experience a decline given the restrictions on transport, closing of factories and inability to import input products.<sup>vi</sup> Small and Medium Enterprises, which account for 80% of non-agriculture employment<sup>vii</sup> and which rely heavily on the physical presence of people for their economic activity, are also going to experience severe drawbacks.

In the context of high public debt (Rs33 trillion)<sup>viii</sup> and difficulty in budget management, characterized by a suboptimal tax base and consequently low revenue collection, the government will have to act innovatively and creatively to galvanize the appropriate resources to manage the socioeconomic and political consequences of COVID-19. Many of these effects will be lasting and will hence require sustained commitment from the government and civil society to ensure the human and financial cost to the country are minimized. This brief recommends the following policy options for consideration of the federal and provincial governments and other policy influencers in the civil society, trader/business, media and the religio-political groups.

## Immediate/Urgent

1. **Equip and capacitate the public healthcare system to provide immediate relief** to the affected through proper diagnostic and treatment facilities. The government should engage with the private sector to achieve these goals. With the focus centered on daily wagers and the informal economy, build on the momentum to streamline this segment of society and mechanisms to formalize it. At the same time, **re-assess the resource management of the Public Health Sector**—focus on ALL resources: Human capital, financial, infrastructural, technological, organizational, managerial and administrative. There is an urgent need to channel funds towards epidemiological research and give importance to data collection and analysis. 
2. **Develop a consensus-based national narrative** across the political parties, federating units and all tiers of government. COVID-19 is a life-threatening pandemic and must be defeated through consensus, harmony and understanding. The government should provide the leadership and invite all political parties to design a concrete plan of action to combat this invisible enemy. Encourage and invite print and electronic media to play a constructive role in building consensus through responsible journalism and effective advocacy campaigns (including dramas, religious talk shows). Fight Coronavirus with facts, verified data, and evidence-based research and not beliefs and opinions. 
3. Rely on the strong individual and community social networks in Pakistan (social capital) to **sensitize and communicate important information quickly and universally** such as the enormity of COVID-19's threat. Mobilize social media to convey necessary messages for instance details of the lockdown, the restrictions in movement and assembly and sparing use of precious medical equipment such as masks and other PPE. The civil society including relevant NGOs are another asset the government should engage with in this regard. 
4. **Lift lockdown restrictions in a phased and systemic order**, strictly enforcing restrictions for industries and sectors that can be hot spots of the disease. Aggressively promote CSR implementation; persuading big businesses to support their employees. Develop a legal framework that requires businesses/industries to provide their workers with at least their minimum nutrition demands (even if the workers are temporarily not working). Similarly penalize non-conformers, both private and corporate for not following lockdown restrictions. 

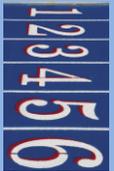
## Medium Term

5. **Provide incentives to frontline workers** (medical professionals, police officers, journalists) to facilitate implementation of the government's health-related interventions. Incentives can be financial but also related to career progression.
6. **Build and reinforce strategic partnerships and alliances** to share knowledge, experiences and best practices in disease management and to be prepared for technical absorption, for instance when a vaccine comes out, its rollout, administering and training. Invest in partnerships with academia and private businesses to forecast and contain the emergence of similar epidemics.



## Long Term

7. **Develop a strategy for Budget and Economic Management:** re-organize the budget to minimize the burden on public resources caused by the COVID-19 pandemic. Take the opportunity to re-orient development priorities and policies and make them pro-poor and people centered. Prioritize the development of a robust public health sector. Coordinate/synergize education, health, labor, skills development and civic education. Continue to rationalize the taxation system, including finding mechanisms through which to expand the tax base and impose regular tax collection to ease the burden on the high public debt and to find resources for COVID-19 response programs.
8. Work towards mitigating the negative spillover effects of the COVID-19 pandemic on the Environment. **Design and promote environmentally sustainable production and consumption practices.** Simultaneously develop and enforce a legal framework to support these policies.
9. The menace of COVID-19 is straining the federation-province relations in Pakistan and making governance a challenge. Harmonizing federation- province interests and **conflict resolution must be a priority whereby human development is preferred over political gains.** In that spirit, integrate Goal 16 of the SDGs (Peace, Justice and Strong Institutions) to combat COVID-19; engage with local communities in the design and management of their economies and social life.



10. **Invest in innovation and technology.** A robust Research and Development (R&D) focus is needed in all industries, from agriculture to pharmaceutical engineering, from education to Artificial Intelligence (AI). Public-Private Partnerships can work towards boosting a nascent but promising IT sector in Pakistan that can be diversified and that can work towards developing tailor-made solutions to developmental problems specific to Pakistan. The use of IT to collect, analyze, monitor and evaluate COVID-19 specific information is vital to form evidence-based policy responses in the economic, social, environmental and political spheres of governance.



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<sup>i</sup>As of April 24<sup>th</sup> 2020, according to the Government of Pakistan’s official Covid-19 website. (<http://covid.gov.pk/>)

<sup>ii</sup> “Informal employment (% of total non-agricultural employment), The World Bank, <https://data.worldbank.org/indicator/SL.ISV.IFRM.ZS?locations=PK> (accessed 23 April 2020)

<sup>iii</sup> “PIDE COVID-19 Dashboard”, Pakistan Institute of Development Economics, 23 April 2020, [https://pide.org.pk/index.php?option=com\\_content&view=article&id=695](https://pide.org.pk/index.php?option=com_content&view=article&id=695) (accessed 23 April 2020).

<sup>iv</sup> Imtiaz Rafi Butt, “Pakistan’s economy and impact of COVID-19”, Daily Times, 13 April 2020. <https://dailytimes.com.pk/594644/pakistans-economy-and-impact-of-covid-19/> (accessed 23 April 2020).

<sup>v</sup> “Education”, Pakistan Economic Survey 2018-19. Ministry of Finance, Government of Pakistan. [http://www.finance.gov.pk/survey/chapters\\_19/10-Education.pdf](http://www.finance.gov.pk/survey/chapters_19/10-Education.pdf) (accessed 23 April 2020).

<sup>vi</sup> Imtiaz Rafi Butt, “Pakistan’s economy and impact of COVID-19”, Daily Times, 13 April 2020. <https://dailytimes.com.pk/594644/pakistans-economy-and-impact-of-covid-19/> (accessed 23 April 2020).

<sup>vii</sup> “State of SMEs in Pakistan”, Small and Medium Enterprise Development Authority, Government of Pakistan. [https://smeda.org/index.php?option=com\\_content&view=article&id=7:state-of-smes-inpakistan](https://smeda.org/index.php?option=com_content&view=article&id=7:state-of-smes-inpakistan) (accessed 23 April 2020).

<sup>viii</sup> “Pakistan’s Debt and Liabilities –Summary”, State Bank of Pakistan, <http://www.sbp.org.pk/ecodata/Summary.pdf> (accessed 23 April 2020).