

## Scenario 245

### **COVID-19 PANDEMIC IN PAKISTAN**

**On 26<sup>th</sup> March 2020;** the **COVID-19** pandemic virus was confirmed as reached Pakistan, when two cases were recorded; a student in Karachi who had just returned from Iran and another person in the Islamabad Capital Territory. By 17<sup>th</sup> June 2020; each district in Pakistan got recorded at least one confirmed case for COVID-19 virus. Despite being the world's 5th-most-populous country, till then Pakistan had only recorded the world's 29th-highest death toll (at approximately 23,087) and similar highest number of confirmed cases (at approximately 1,011,708). However, these figures didn't include undercounting of COVID-19 infections in the country. Pakistan till then had experienced three different waves of COVID-19.

The nation's first wave of COVID-19 began in late May 2020, peaked in mid-June when daily new confirmed case numbers and daily new death numbers reached high points, then ended in mid-July. The first wave was marked by a low death rate, and passed very suddenly as case and death rates began to drop very quickly. After the first wave, Pakistan's COVID-19 situation subsided daily new death numbers and testing positivity rates in the country stabilized at low levels. Cases and deaths began rising again, though, in early November 2020, culminating in the country's second wave. This wave was low in its intensity, mainly affected the southern province of Sindh, and peaked in mid-December 2020.

The country's third wave began in mid-March 2021, when testing positivity rates, and daily new confirmed cases and deaths began to skyrocket. The third wave mainly affected the provinces of Punjab and Khyber PK. This wave peaked in late April 2021, and then, positivity rates, daily new case numbers, and daily new death numbers started falling. Pakistan's most populated province, Punjab, saw the highest raw number of confirmed cases (334,000) and deaths (9,770). Sindh, had seen the second-highest number of confirmed cases (308,000) and deaths (4,910). Khyber PK confirmed 80,300 cases and had seen 745 deaths, while having the lowest fatality rate in the country.

The country was put under a nationwide lockdown from 1<sup>st</sup> April 2020 and extended twice until 9<sup>th</sup> May. Upon its end, the lockdown was eased in phases. After the first wave, the country battled COVID-19 by using '**smart lockdowns**' and enforcing the state SOPs vigorously.

**On 9<sup>th</sup> January 2021;** Islamabad got its first coronavirus vaccination Centre after the government established the facility in *Tarlai* area of the federal capital. Next day, the government's National Command and Operation Center (NCOC) opened registrations for frontline healthcare workers, who received the first doses of the COVID-19 vaccine. Staff in both public and private health facilities were vaccinated,

**On 16<sup>th</sup> January 2021;** *AstraZeneca's* COVID-19 vaccine was approved for emergency use in Pakistan as the Chinese vaccine was awaiting approval from the Drug Regulatory Authority of Pakistan (DRAP). Pakistan had adequate cold chain facilities for most kinds of vaccines. Two days later, The Drug Regulatory Authority of Pakistan (DRAP) approved the *Sinopharm* BIBP vaccine for emergency use; meanwhile, China agreed to provide half a million doses of the Chinese *Sinopharm* vaccine free of cost to Pakistan on immediate basis. On 31<sup>st</sup> January 2021, it was announced that 17 million doses of the *AstraZeneca* vaccine were being provid-

ed to Pakistan in addition. Next day, Pakistan received the first consignment of vaccine doses from China.

### **AFFECTS OF GLOBAL DETERIORATION:**

The COVID-19 pandemic was undoubtedly the biggest global challenge the world had faced in recent memory. Well over 100 countries worldwide instituted either a full or partial lockdown, following in the footsteps of Asian and European countries. The pandemic had caused both demand and supply shocks to vibrate through the global economy. In Pakistan, there was day-by-day growing fear over how a state with extremely limited resources would deal with this pandemic, especially due to the fact that in the past Pakistan had failed to contain infectious diseases like polio, hepatitis and tuberculosis. As per state statistics, till then, the COVID-19 virus had caused 30,379 deaths, with 1,530,145 confirmed reported numbers of cases.

**On 13<sup>th</sup> March 2020;** PM Khan held 'the first cabinet meeting for COVID-19' after the first confirmed case in Karachi. The federal government devised a National Action Plan for COVID-19. This plan was a policy document illustrating the fundamental principles for outbreak preparedness, containment and mitigation. The administration took swift actions authorized by the Ministry of National Health Services, Regulations Coordination (MNHRSC) to take necessary measures. The MNHRSC formulated guidelines to tackle the disease, such as priority testing; social distancing; the establishment of quarantine facilities; Standard Operating Procedures (SOPs) for *Ramazan*, Eid, gatherings, ceremonies and marriage; and guidelines for the reopening of educational institutions, tourism, air transportation, etc.

By mid-March 2020, as cases of local transmission started multiplying rapidly, particularly in densely populated cities like Karachi, Lahore and Peshawar. Sindh province was the first to impose a stringent lockdown on 23 March 2020; it restricted public movement and barred the opening of non-essential businesses. The other three provinces followed in Sindh's footsteps but imposed far looser restrictions, arguing that a complete lockdown would be fatal for people living below the poverty line. Thus, all provinces except Sindh, especially Punjab, allowed many businesses to reopen.

Quoting the 18th Constitutional Amendment, many party leaders showed their political mileage gaining behaviour, even during a calamity; thus, caused an inter-provincial rift, which, in turn, emerged as the biggest obstacle for promulgating a unified policy to curb the spread of the virus. Nonetheless, finally, on 14 April 2020, Imran Khan implemented a nationwide lockdown for 15 days initially. However, restrictions on several non-essential industries, including construction, textile industry, small and medium-sized enterprises (SMEs), were relaxed.

**On 24<sup>th</sup> March 2020;** *considering the massive economic disruption due to COVID-19, the PTI govt announced an economic bailout package of PKR 1.2 trillion as a part of its immediate response to COVID-19.* Key fiscal measures included:

- ***Import duties on health equipment eliminated***
- ***PKR 200 billion allocated to provide financial support to daily wage workers***
- ***PKR 150 billion allocated to be distributed amongst low-income families***
- ***PKR 100 billion allocated for tax relief for the exporters***
- ***PKR 100 billion allocated for support of SMEs.***

*The bailout package also allocated PKR 280 billion for procurement of wheat, PKR 50 billion to utility stores to ensure the provision of essentials at subsidized rates, PKR 70 billion to provide relief in fuel prices, PKR 15 billion to support food and health supplies, PKR 110 billion to*

subsidize electricity prices, PKR 100 billion as an emergency contingency fund and PKR 25 billion to the National Disaster Management Authority (NDMA) to buy essential equipment to deal with the pandemic.

The provincial governments also announced various economic initiatives, broadly revolving around tax relief, speedy upgrading of the healthcare system and cash grants to low-income families. The provincial government of Punjab gave a PKR 18 billion tax relief package as well as a **PKR 10 billion cash grant program**, whereas the provincial government of Sindh commenced a PKR 1.5 billion ration distribution program for the poorest of the poor.

The said economic stimulus package was remarkable, many of the items listed in it were made part of the federal budget but interestingly, the bulk of the allocated money remained unutilized, which was later presented as a new allocation.

While the IMF had lauded the bailout package given by the PTI government to help the economic sector to recuperate from the COVID-19 shock, it pegged the package to be 1.2% of the GDP. Furthermore, in response to the pandemic and to give business people much-needed relief, the State Bank of Pakistan (SBP) made a series of revisions to the benchmark interest rate. Prior to COVID-19, in January 2020, the SBP retained the interest rate at 13.25 percent, which it stated was necessary due to high inflation rates. However, in a period of just five months, from mid-march to June, the SBP drastically reduced the interest rate by 625 basic points to 7 percent.

While this move was applauded by most businessmen, economists remained sceptical as to whether it would be able to generate economic activity as the pandemic prolonged. Generally, states across the globe wanted to end their lockdowns, enforced to curb the spread of the pandemic, as soon as possible to begin the economic rejuvenation process. However, states that were facing numerous economic challenges before the pandemic, like Pakistan, were facing tremendous pressure to lift the lockdown. A substantial part of Pakistan's population was engaged in the informal economy; thus, a long lockdown would have had a detrimental effect on a large segment of the society.

The areas of south-western Baluchistan and north-western Khyber PK, which were adjacent to the borders, got badly affected as borders remained closed for many weeks. Major economic generation of both these areas comes from the services industry related to cross-border trade; thus, economic hardships were faced by the locals. According to Rafiullah Kakar, the Director of the Strategic Planning and Reforms Cell, Government of Balochistan, the lockdown inflicted a loss of PKR 60–90 billion on the province.

**On 23<sup>rd</sup> April 2020;** in the federal health ministry, immediate structural adjustments commenced complementing the pandemic response. The PM Khan's team launched a PKR 595 million Pakistan Preparedness and Response Plan (PPRP) to help contain and quash the COVID-19 outbreak. The PPRP aimed to strengthen Pakistan's capacity in prevention, preparedness, response and relief, as well as its health system, within nine months - by December 2020. The PTI called for all stakeholders to join hands, use their expertise and forces and exploit all available resources to help execute an organized response at the federal and provincial levels. The following were the key determinants of the PPRP:

1. Increase and enhance emergency response systems to ensure a collective society approach
2. Initiate large-scale COVID-19 public awareness campaigns
3. Establish necessary facilities to curb COVID-19: mass testing, contact tracing and isolation wards
4. State-of-the-art surveillance mechanism to determine the origins of the virus outbreak and monitor virus outbreak trends

5. Implement health measures to ensure effective social distancing to curb the transmission rate
6. Ensure that laboratories should be equipped with polymerase chain reaction (PCR) testing kits to adequately test and detect the virus
7. Upgrade the health system to deal with the surge in patients, especially ensuring an ample stock of medical supplies
8. Provision of emergency food rations and cash transfers.

Further, to ease Pakistan's external economic burden, many international economic institutions came forward to provide the direly needed economic assistance in the form of loans, aid and grants. On 2nd April 2020, a US\$200 million economic stimulus package for Pakistan was approved by the World Bank. Furthermore, on 16<sup>th</sup> April 2020, the IMF approved a US\$1.386 billion financial assistance package for Pakistan so that Pakistan could resolve the urgent balance of payment crisis that had emerged due to the COVID-19 outbreak. Also in April 2020, the Islamic Development Bank (IDB) agreed to give Pakistan a US\$650m financial package to fight against the pandemic.

In addition, on 19<sup>th</sup> May 2020, the Asian Development Bank (ADB) gave a US\$300 million emergency assistance loan to Pakistan. Surprisingly, these support packages and loans were issued to ease the economic blow of pandemic; however, the budget report of the fiscal year 2020 showed that the country had experienced negative growth. The dependency paradigm repeatedly claimed that international financial institutions, which were / and are dominated by the developed world, never helped the developing countries in good conscience, and that it was at most a show staged by the developed world to glorify its sincerity to help resolve the problems of the developing states; what a pity state of affairs.

In Pakistan's case, to help battle COVID-19, a similar approach was adopted by international financial institutions by providing economic assistance which was very low compared to the amount required to stabilize Pakistan's economy. In short, the mitigation measures adopted by the PTI regime were able to provide relief to the masses despite huge limitations.

**On 1<sup>st</sup> APRIL 2022;** Minister for Planning & Development Asad Umar announced CLOSURE of the National Command and Operation Centre (NCOC) operations, partly because of all-time low COVID-19 indicators and partly because of high level of vaccination.

### **DECISIONS IN WAKE OF COVID-19:**

**On 26<sup>th</sup> March 2020;** in the wake of coronavirus threat, Islamabad High Court (IHC) ordered to release ***twenty-four under trial suspects in various corruption-related references filed by the National Accountability Bureau (NAB)***. Divisional bench of IHC comprising CJ Athar Minallah and Justice Amir Farooq ordered to release such suspects being tried in fake bank accounts case, *Modharba* and *Karke* references. Amongst the released persons in custody, some big names were: Mustafa Zulfarnain, Khawaja Suleman, Hussain Lawai, Liaquat Qaimkhani and Dr Dansha; Hussain Lawai, who was said to be a close aide of former president Asif Ali Zardari, facing investigation / ennuiry in a Rs:35 billion money laundering case, was arrested by the Federal Investigation Agency (FIA) on 6<sup>th</sup> July 2018.

The court issued order in the wake of spread of the epidemic coronavirus in the country. The NAB prosecutor had opposed the decision; Justice Athar Minallah remarked that sentence for such offences against them was not more than fourteen years but they were in risk of their lives in the jail. The judge also said that ***'under trial suspects are considered innocent until the trial concluded.'*** The court then issued orders for the release of such 24 prisoners. The IHC had earlier granted bail to 408 prisoners imprisoned at Adiala Jail under minor offences amid coronavirus fears.

**On 31<sup>st</sup> March 2020;** the Economic Coordination Committee (ECC) of the Cabinet under Chairmanship of Advisor to PM on Finance Dr Abdul Hafeez Shaikh approved the relief package of Rs1.2 trillion including Rs 100 billion supplementary grant for the Emergency Relief Fund to combat COVID-19 Virus. Adviser Finance Dr Shaikh held that the PTI govt was keen to fulfil the necessary requirements for different relief measures already announced by the PM Khan for the public relief in the Corona Virus Pandemic.

The approval to fiscal stimulus package of Rs:1.2 trillion also included Rs: 100 billion Supplementary Grant for the ***Residual-Emergency Relief Fund*** in terms of Article 84(a) of the Constitution for mitigating the effects of COVID-19. The ECC also approved special package for relief to 12 million poor families ***through cash assistance under the Ehsaas Program***. It was aimed to provide cash grants under the regular **Kafalat program** and Emergency Cash Assistance on the recommendation of the district administration. The assistance was initially provided for four months and besides the BISP beneficiaries it was one-time dispensation. The cash was to be provided in one instalment of Rs:12000 through Kafalat partner banks i.e Bank Alfalah and Habib Bank Limited after biometric verification.

The partner banks were asked to make arrangements through branchless banking networks to disburse cash. ***Rs:72.9 billion of additional funds*** through technical supplementary grant were given to BISP under ***'Ehsaas Cash Assistance Package in Response to COVID-19'***. After Ministry of Industries and Production presented a comprehensive proposal regarding the targeting parameters, implementation mechanism, cash assistance per family per month and financial phasing of the program, ECC approved ***Rs:200 billion of cash assistance for the daily wagers*** working in the formal industrial sector and were laid off as a result of COVID-19 outbreak.

It was estimated that around three million workers could fall in the said category and they were to be paid a minimum wage of Rs.17500 per month. The estimated cost of that ***provision for daily wagers was around Rs: 52.5 billion a month***. ECC directed that immediate consultation with the provincial labour departments should be carried out for providing timely assistance to those who were in need.

The ECC also approved Rs:50 billion for Utility Stores Corporation (USC) to provide essential food items to the vulnerable section of the society at subsidized rates. USC prepared an initial plan to deliver 9 essential food items @ Rs:3000 for a family of 2+4 people through Pakistan Post Foundation Logistics Division. USC further planned to procure essential items within 2-3 weeks; USC also engaged with BISP to obtain data for targeted assistance and again came back to the ECC with a detailed proposal for reaching out to the poor families for effective use of this package before making any expenditure from that amount.

- ***The ECC also approved Rs:75 billion for FBR to enable them to payback the sales tax and income tax refunds, duty drawbacks and customs duties which was due for the last 10 years. The amount was given to help 676,055 beneficiaries by improving their liquidity position.***

The ECC also allowed reducing different taxes and duties on import and supply of different food items for alleviating the adverse impact of COVID-19 on different segments of the society. ***Rate of advance tax on the import of different pulses was reduced to 0% from 2%.*** individuals and associations of persons providing tea, spices, dry milk and salt to USC without a brand name were to pay 1.5% withholding tax instead of 4.5%. Individuals and companies receiving payments from USC for supplying ghee, sugar, pulses, and wheat flour were to be charged 1.5% withholding tax instead of 4.5% earlier. ***ACD (additional customs duty) @ 2% on soya bean oil, canola oil, palm oil and sunflower oil (and on those four oil seeds) was also exempted.***

- ***The ECC also approved the supplementary grant of Rs:30 billion to Ministry of Commerce to payback duty drawbacks to textile exporters in the said financial year to improve their liquidity position. ECC was briefed that SBP was working on payment of claims worth Rs:49 billion out of which around 40 billion were to be paid by June 2020.***

The ECC approved supplementary grant of Rs:6 billion for Pakistan Railways to meet its expenses. Pakistan Railways had suspended its passenger train services around the country since 19<sup>th</sup> March 2020. The approved amount was utilized for paying salaries to 70,000 employees, repairs, paying for utilities and performing disinfectant sprays on platforms and inside trains for proving safe journey to the passengers. Those days, Pakistan Railways was earning only 1/6th of its monthly income through coal freight and the rest of its transport activity was suspended.

**On 3<sup>rd</sup> April 2020;** while announcing package for the construction industry, PM Imran Khan told the media that it was important to strike balance between lockdown and coming up economic recession. He said:

*"In Pakistan, on one hand, you have the corona-virus and on the other hand, you have to deal with hunger. A lockdown imposed only in Defence or Gulberg will not be successful; the success of lockdown will depend on whether the poor will get food at their home or not."*

The PM cited China's example, saying that authorities had locked down Wuhan but that measure went successful as the government provided food to people at their doorsteps. ***'We, as a nation, will fight [this disease] but no one can say what will happen in the next two to three weeks.'***

#### **STATE-WRIT FLOUTED BY THE CLERGY:**

*"The history of the clergy classes of the world is replete with peculiarities. Its retrogressive policies and conservative approaches towards social issues has always proved that this class is bereft of foresight. Its inflexibility hindered the development of sciences throughout the Middle Age while also roasting critical thinking that is crucial for any healthy society. Its abandonment of logic and reason led to fatal ramifications for nations.*

*The sins of this so-called sacred class do not end here. It not only gave a superstitious colour to every natural calamity, disease and pestilence but also came up with bizarre recipes to cure the ill. From epilepsy to plague and cancer to HIV, it described every disease as a divine wrath which could only be tided over through rituals etc."*

journalist Abdul Sattar's essay in **daily THENEWS** dated 31<sup>st</sup> March 2020 is referred.

It's on record that some sections of the Hindu clergy in India had asked their followers to drink cow's urine to cure the coronavirus AND when some from the religious right in Pakistan had urged their followers to eat pigeons' flesh. But for students of history, the phenomenon was not much surprising; it was what a large section of the clergy has been doing throughout the history. From the inquisition in Spain to the persecution of scientists in Europe (and) to the tormenting of rationalists in the Islamic world, it becomes clear how the said class of clergy in all religions think.

Such attitude often added to the miseries of people. For instance, the covid-19 outbreak in Iran would not have been as worse had the clergy of Iran not tried to impose its religious

mind-set on vast majority of their people, leaving them ***in a state of denial first and ignoring the advice of Iranian health experts***. Even advanced America, facing an impending humanitarian catastrophe, was not immune to the eccentricities of the reactionary class. An incumbent of the Oval Office was an ardent supporter of evangelical Christians whose worldly view was not much different from their ideological brothers and sisters living in other Christian states of the world. Their stubbornness prompted them to reject all pleas of precaution and restraint.

Journalist Abdul Sattar, in above cited reference, wrote details of Pakistani clergy-men's apathy and indifference:

*"This was what the religious clergy did in Pakistan. Despite the request of the Punjab government, **the Tableeghi Jamaat held their massive congregation in Lahore** attracting tens of thousands of people. Some estimates suggest more than 100,000 people attended the gathering between 11-13<sup>th</sup> March 2020, initially meant to last until 15<sup>th</sup> March. Gulf News put the number at 250,000 while insiders of the Tableeghi Jamaat claimed more than 500,000 attended the 'spiritual gathering'. The event was believed to be one of the major factors contributing to the spike in coronavirus cases across the country then. A number of people who returned to Sindh, Islamabad and other parts of the country carried the virus with them. Some of them had caught virus immediately after while others were forced to be quarantined.*

*The activities of this organization were not confined to this gathering only. They continued their weekly gatherings (called Shab-e-Juma) across their mosques in the country besides holding a three-day congregation (called Seh Roza) in every major city until got to be admitted in nearby hospitals. Annual regional gatherings in areas like Bajaur also remained reportedly unabated while the three-day long congregation ended on 22<sup>nd</sup> March 2020 in Mardan, which was one of the worst corona-affected areas of Khyber PK province.*

*The Jamaat also formed preaching teams in Lahore and elsewhere, sending them to various parts of the country. One such team roamed about several streets of an area in Islamabad forcing the authorities to lock down the vicinity after the members of the Jamaat tested positive for corona. The Sindh government had to quarantine over 40 people, including foreigners, in Sukkar after it was learnt that they had attended the religious gathering in Lahore."*

Pakistan reported its first case of corona by the end of February 2020 (*it was an unofficial report while officially reported TWO CASES appeared in media during mid-March 2020*). Merely a 16,000 gathering of the preaching group in Malaysia towards end of the same month had sowed the seeds of a health catastrophe there. Perhaps at the time when the World Health Organization (WHO) was deliberating over the hazards of the outbreak, the people were busy appeasing the powerful clergy by turning a blind eye to the preparations for this massive gathering.

The global health body declared it a pandemic on the day this huge gathering kicked off, ***making a mockery of the state's writ which was otherwise throwing vegetables of push-cart sellers, beating up young men riding a bike and employing sledgehammer tactics against the weak***. But it chose to ignore the flood of humans in Raiwind likely to wreak havoc with the lives of thousands of Pakistanis besides putting the health system of the country into confusion and dismay.

The said gathering at **Raiwind** (Lahore) raised several important questions. The *Tableeghi Jamaat* projects itself as a law-abiding organization, then why did it not cancel the event? ***Why did the prime minister appease Maulana Tariq Jamil instead of demonstrating the resolve of the state by having the event cancelled?*** Tableeghis from Palestine and

Kyrgyzstan had caught corona-virus or not - the event and its fatal ramifications were enough to convince our clergy for suspension of all types of gatherings.

What was done couldn't be undone; the government had to make hectic efforts to test mostly those who attended the gathering and quarantined them. It didn't mean that only one religious group was responsible for the outbreak and the impending catastrophe. A *Barelvi* cleric announced a huge gathering in Lahore, assuring no one would be affected while *some Shia* organisations in Karachi insisted on taking out mourning processions too. ***All such groups could have received a clear message from the state – instead an announcement of PKR 1.2 trillion Covid-Package from a debt-ridden poor country.***

- ***A COGENT POINT TO PONDER: Why the PTI govt, like all previous govts in such situations, immediately resorted for announcing CASH-DISTRIBUTIONS TO THE POOR worth billions – simply because the CORRUPT BUREAUCRACY kept the same mind-set in all governments. Was it the time to clear ALL PENDING CLAIMS OF EXPORTERS, FBR FILERS & COMMERCIAL TRADERS while front desks staff at hospitals and health facilities were without PPEs; doctors and nurses were losing their lives who had caught the deadly virus? They didn't need media applause but proper protection.***

Additionally, all political leadership, Senators, Law-makers, Generals, High Judges, high bureaucrats and Corporates Managers & Administrators could have donated their salaries & perks to the fight against corona. Millions were suffering because of the lockdowns including those employees who were laid off by their employers.

### **COVID-19: PAKISTAN'S ECONOMY:**

Due to COVID-19 outbreak, the economy of Pakistan was in a trouble like other countries ***but there was no threat of it collapsing***. It changed with the pandemic; the country's economy came up virtually on the brink of bankruptcy, as, unlike other states, Pakistan didn't possess the required resources to provide the much-needed huge bailout packages to maintain and sustain its already crippled economy.

Over the years, Pakistan's GDP growth rate had never been that remarkable but there was consistent improvement. However, after Pakistan took the latest International Monetary Fund (IMF) programme in 2019, which had conditions like substantially reducing the current account deficit, its GDP growth took a massive hit. In the fiscal year 2018, Pakistan's GDP growth was approximately 5.5 percent, which came down to 3.3 percent in the fiscal year 2019, and the majority of the economic experts, as well as institutions, had projected that for year 2020, Pakistan's GDP growth rate would further fall to 2.4pc. After COVID-19 took Pakistan into its grasp, forcing major disruptions in the country's economic activities, the result was that ***for the second time in Pakistan's history, after 1951–1952, it experienced a negative GDP growth rate; –0.4 percent for the fiscal year 2020.***

The dependency paradigm could explain Pakistan's constant average GDP growth rate and its dependence on global financial institutions. After COVID-19 took over the world, the international financial institutions did not have the required resources to bail out countries like Pakistan; thus, their economic conditions rapidly deteriorated. Furthermore, ***with COVID-19 came with a huge wave of unemployment and poverty***, meaning more misery and hardship for the masses. In the fiscal year 2018, Pakistan's unemployment rate stood at 5.8 percent – showing an improvement from the year before. However, as COVID-19 struck Pakistan, ***in few months, 3 million people lost their jobs, and the unemployment rate***



**rocketed to 9.56pc for the year 2020;** //www.ncbi.nlm.nih.gov (PMC10014452) dated 13<sup>th</sup> March 2023 is referred.

Also, **millions of people were pushed into poverty due to COVID-19 in Pakistan; to be exact 18 million people; the poverty population increased from 69 million (31.3 %) in 2018 to 87 million in 2020.** The Western economic / developmental model followed by Pakistan was more or less responsible for such a staggering unemployment rate, as predicted by the dependency paradigm. Pakistan was unable to develop and implement, as had been its history, a tailor-made development scheme as per its complex ground realities; as advocated by dependency theory, the unemployment crisis couldn't be controlled in an effective manner.

In addition, not only did COVID-19 greatly disrupt global trade, but also it had profound implications on Pakistan's exports and imports, adversely affecting its overall economy. In the fiscal year 2020, Pakistan's exports shrunk to US\$22 billion, which was US\$1.51 billion less than in the fiscal year 2019, representing a 6.36pc decrease [Ref: *Trend Economy, 2021*]. Meanwhile, in the fiscal year 2020, Pakistan's imports also decreased by 8.56 percent as compared to in the fiscal year 2019 – US\$45 billion in 2020 and US\$50 billion in 2019, showing a net difference of US\$5 billion. If the relationship between the developed and developing world were cooperative in nature, then during COVID-19 special subsidies could have been given to Pakistan to help balance its trade deficit and manage its current account deficit. However, no support was given by the developed world, thus reiterating the stance of dependency theory that **'the developed world economically exploits mostly the developing / underdeveloped world.'**

Resultantly, COVID-19 considerably slowed down economic activity in Pakistan. For the fiscal year 2020, initially, the government set a tax collection target of PKR 5.5 trillion. Interestingly, even before COVID-19 emerged as a threat, Pakistan's tax collection target was revised twice; in December 2019 to PKR 5.2 trillion, and in February 2020 to PKR 4.8 trillion. However, **none of these targets were met, especially after COVID-19 hit Pakistan, only PKR 3.9 trillion revenue was collected** – identical to the amount collected in the previous three fiscal years. On the contrary, Pakistan's spending increased by PKR:2.1 trillion, further coercing the already stressed and strained economy.

Moreover, COVID-19 significantly challenged the living standards of the common person in Pakistan, as a record inflation rate was witnessed and the per capita income dropped remarkably. In the fiscal year 2016, the inflation rate in Pakistan was at an all-time low of 2.86 percent, with low inflation years in the preceding years - 4.15 percent in 2017, 3.93 percent in 2018 and 6.74 percent in 2019 - until COVID-19 hit and disrupted life and the inflation rate jumped to a staggering 10.74 percent in the fiscal year 2020.

During Covid-19, the **per capita income in Pakistan fell drastically from US\$1625 in the fiscal year 2019 to US\$1325 in the fiscal year 2020.** Since its independence, time and again, Pakistan's economic agenda has been more or less dictated by the West-led international financial institutions. Dependency theory states that the policymakers of the developing / underdeveloped world intentionally implement an economic system, at the behest of the developed world, that safeguards the interests of the developed world at the expense of their own citizens, hence the persisting underdevelopment and dismal economic conditions of Pakistan.

Pakistan's public finances remained unsafe and risky during that whole decade. However, the COVID-19 situation greatly increased the country's difficulties when it came to debt servicing. **In the fiscal year 2018, Pakistan's total debts and liabilities were US\$95.2 billion, with the exchange rate at Rs:121.54, whereas in the fiscal year 2020 these debts soared up to US\$112.8 billion, while the exchange rate was at Rs: 162.2.** The enormous increase in the exchange rate coupled with taking more loans means that Pakistan

had slipped into the debt trap – taking new loans to pay back old ones. Strikingly, the then prevailing paradigm predicted a vicious cycle that the developing world found itself trapped in, being largely dependent on the West. The famous proverb that beggars can't be choosers explains Pakistan's helplessness vis-a-vis its economic affairs then.

The COVID-19 virus infected Pakistan's economy through three transmission channels. It affected the aggregate demand, owing to the steps taken to contain the transmission of the virus, which not only slowed down the economy but also substantially increased the unemployment rate. These layoffs decreased the disposable income of many households, thus causing a demand shock across the economy. Consequently, the aggregate demand considerably shrunk, not only adversely affecting Pakistan's economic outlook but also altering the lifestyle of the common person.

In short, Pakistan's economy was undoubtedly in turmoil even before the COVID-19 crisis emerged. However, the COVID-19 situation exacerbated the situation since most, if not all, economic parameters, such as GDP growth rate, unemployment rate, inflation, per capita income, debt, tax collection, poverty and trade (imports / exports), showed a substantial decline.

### **WORLD-OPINION ABOUT COVID-19 IN PAKISTAN:**

*It was said that PTI govt's one misstep – lifting lockdown too soon – had placed **Pakistan among the twelve countries hardest hit by coronavirus – but it was not the whole truth.** Provinces could make their own health decisions and focus on helping citizens in need – and they did so as their resources allowed them.*

See an **ANALYTICAL REPORT** from / / [www.crisisgroup.org](http://www.crisisgroup.org) dated 6<sup>th</sup> August 2020:

*"Hoping to mitigate COVID-19's economic toll, Imran Khan's PTI government lifted a countrywide lockdown in May 2020 (mainly because) **the public, misled by the clergy and mixed messaging from the religious mercenaries, disregarded precautions during religious festivities and ceremonies.***

*Climbing infection rates could overwhelm ill-equipped health systems and hinder economic recovery. (Even then) citizens are seldom denied health care or basic aid though the economy was shrunk; public tolerated the short-comings, though potentially threatened their social order.... The federal government also permitted the provinces to devise their own local strategies guided by medical experts...."*

**On 9<sup>th</sup> May 2020;** Imran Khan's PTI government almost completely lifted a nationwide lockdown it had imposed in late March to counter COVID-19; Pakistan subsequently saw a little surge in cases. The government justified the easing of nationwide restrictions on economic grounds; indeed, the lockdown's toll on the most vulnerable, workers and the poor were brutal indeed. Yet signs of economic recovery since it was lifted were few, while the virus continued to threaten the ill-equipped and under-funded health systems. Rising anger and alienation among citizens were negligent – not sure if the ruling PTI had liaison with their political rivals on its coronavirus strategy.

The govt's mixed messaging aside, misinformation from some religious leaders overtly showed that many Pakistanis were flouting and disobeying the public health advice at their own will. Pandemic's health risks led to widespread public disregard for social distancing procedures. **The removal of restrictions on communal prayers in mosques though increased the risks of new virus clusters – but the populace was happy. Many clerics advocated religious practices that undercut physical distancing and other preven-**

***tive measures; they told worshippers that piety alone, and not health practices, would determine their fate.*** Officially lifting of the lockdown on 9<sup>th</sup> May 2020, in fact, encouraged public complacency - many believed that the pandemic was over in Pakistan.

PTI government's adoption of what it called **SMALL LOCKDOWN STRATEGY** was logically explained. The strategy entailed removing restrictions in specific areas within cities or regions where the authorities assessed that case rates were relatively low. But poor data and low testing rates had hampered efforts to ***track, trace and quarantine***, which were essential to curbing the virus. With COVID-19 spreading in densely populated cities such as Karachi, Lahore and Peshawar, limited closures were unlikely to prevent contagion – but it worked well. While city hospitals were better prepared to deal with the pandemic, they were able to deal with the surge, though with difficulty, as the *Eidul-Azha* was ahead. Next month of Muharram was more dangerous in the wake of large mourning processions; people were ready to accept the consequence – but not ready to take care of state instructions.

The virus had also spread to rural regions, where the health infrastructure was weaker. The federal government's centralized decision-making people often refused to share authority with their political opponents. Islamabad's pandemic policies, devised by the top political and military leadership, prevailed over provincial preferences, with court rulings strengthening centralized control. The Pakistan Peoples Party (PPP)'s govt in Sindh, the sole opposition-led province, had promoted rigorous restrictions, for instance, and they were able to implement them in a befitting manner.

Anger at the government and social tensions could mount had the citizens sensed that the PTI government was not adequately looking after their health and wellbeing. While COVID-19 left PTI government few good options, there was no big harm to lives and livelihoods as compared to the rest of the world. Prime Minister Khan's fears about the toll of lockdowns were well justified. Yet the economy was unlikely to start moving. Adapting the ***smart lockdown strategy*** devotedly saved the people from pain of a prolonged lockdown while still saving lives. However, emergency assistance to families under the poverty line and unemployed workers remained uncertain.

The PTI's critics held that there were some slip-ups at the earlier stage of Covid-19 in Pakistan but it was misunderstood for being a poor country ruled by an inexperienced party. In February (2020), the government refused to repatriate hundreds of Pakistani students in Wuhan, China, fearing they would spread the virus; in itself, the decision was quite sensible. The government had to quarantine hundreds of students, might be in overcrowded & unhygienic conditions, but helped the international community.

The first major cluster of locally transmitted infections occurred when CM Buzdar's Punjab government delayed a decision to cancel the Sunni preaching group ***Tableeghi Jamaat's major annual congregation (ijtema)***, scheduled for five days from 11<sup>th</sup> March. The organizers though had cancelled the *ijtema on the 3<sup>rd</sup> day*, but till then an estimated 100,000 believers, including around 3,000 foreigners, had already set up their camps together. After its cancellation, most participants left, but a few hundred stayed on at the organization's headquarters. Later, they were allowed to leave for their home provinces without being tested or isolated. (***The episode has already been discussed in detail in earlier paragraphs.***)

The world media alleged that the PTI government was slow to respond when the pandemic spread. The first cabinet meeting devoted to the subject was held on 13<sup>th</sup> March 2020, 15 days after the first confirmed case in Karachi. At a time when political consensus was most needed in forging a national response to the pandemic, the PTI's relationship with the two major opposition parties remained strained, as before. By mid-March, cases of local transmission began to mount in densely populated cities such as Karachi, Lahore and Peshawar. Not known if the two opposition parties had offered to cooperate to counter the pandemic. The

PTI govt, however, chose to sideline parliament – mostly known for futile debates on non-issues.

**On 23<sup>rd</sup> March 2020;** Sindh's PPP government was the first to impose a province-wide lockdown. PM Khan, who himself held the federal health portfolio, initially ruled out a countrywide closure, saying it would adversely affect the poor and working class; SMART LOCK-DOWN STRATEGY is referred. The military weighed in, supporting a lockdown and deploying troops countrywide to assist civilian administrations in enforcing it. Hours after the prime minister's address, the federal govt reversed course, agreeing to impose a nationwide shutdown, which it subsequently extended until ending May 2020.

The 3-party-controlled provinces, Balochistan, Khyber PK and Punjab, also imposed lockdowns. Yet, apparently guided by the prime minister's aversion to those measures, they opted for looser restrictions, particularly in Punjab, which soon allowed several types of businesses to reopen. Inter-provincial coordination remained poor, echoing friction between PM Khan and his political opponents. The main bodies responsible, set up in mid-March, reflected the government leadership's preference for a centralized approach.

**On 13<sup>th</sup> March 2020;** the National Security Committee, the apex civil-military body, set up a ***National Coordination Committee for COVID-19***, chaired by the prime minister and including Army Chief Gen Bajwa, the four provincial chief ministers and senior military officers. ***The National Command and Operation Centre***, which was tasked to send the committee recommendations on pandemic policy, was headed by the federal minister for planning and included relevant federal and provincial ministers and also several senior military officers. The stated objective of setting up those two bodies was to bring the federal and provincial governments and military leadership together. ***In principle, responsibility for the health sector should have remained with the provinces, not the capital.*** In practice, however, the top political leadership in the center controlled pandemic policy, in coordination with the provincial concerns.

**On 14<sup>th</sup> April 2020:** Prime Minister Khan extended the nationwide lockdown for another two weeks but had also relaxed restrictions. Several non-essential industries, including construction, reopened. Khan said there was ***'98 per cent consensus among all provinces and the center on the reopening of some sectors'*** - yet the Sindh government disagreed. Judicial intervention, however, strengthened the center's control over pandemic policy. In a *suo moto* hearing on the virus crisis in mid-April, the Supreme Court called for a uniform policy, warning Sindh not to close businesses and services that generate revenue for federation.

The critics also alleged that PTI government's mixed messaging about the pandemic left the public confused about its gravity. Early in the crisis, in a televised address on 17<sup>th</sup> March 2020, Prime Minister Khan had downplayed health risks; saying ***'There is no reason to worry'*** - since 90pc of the infected would have mild flu-type symptoms and 97pc would recover fully. The brave Pakistani people, however, liked their leaders' courage and valor.

A mid-April 2020 decision to reopen mosques for communal prayers was taken ill by the rest of the world whereas the people in Pakistan took it just as their routine activity. In the beginning, provincial govts had barred mosques from holding communal prayers; could go open only for administrators and staff. The police were tasked with enforcing the restrictions in major cities but clerics mostly violated the orders and state instructions.

Islamabad's police registered cases but made no arrests when Lal (Red) mosque's hardline clerics openly violated restrictions. Clerical leader Abdul Aziz released footage of large congregations attending Friday prayers. When the police tried to barricade the mosque's entrance, female madrasa students blocked the road. The PTI government hesitated in taking action against the Lal Masjid clerics, fearing a repeat of the bloody July 2007 standoff, when

a military operation against heavily armed jihadists in the mosque had left 100 militants and eleven soldiers dead.

**On 18<sup>th</sup> April 2020;** President Arif Alvi agreed with major religious leaders to ***reopen mosques nationwide for communal, including taraweeh prayers*** – but under certain health & safety precautionary conditions - including social distancing. Justifying the decision, Prime Minister Khan said he was heeding popular demand; saying: ***"Pakistan is an independent nation, Ramadan is a month of worship, and people want to go to mosques. His government would not forcibly tell them not to do so"***.

Thus, thousands prayed in packed mosques, ignoring health measures and creating new hot-spots of viral infection. Many clerics rather stressed worshippers to demonstrate piety by praying shoulder to shoulder, warning that the pandemic is a punishment for erring Muslims' sins. As a result, many who regularly used to attend mosques either believed they would not contract the virus or that prayer would protect them. ***Many also chose not to get tested or treated due to religious and social stigma attached to the disease – AND the fact remains that the FAITH really worked in Pakistan then.***

**On 9<sup>th</sup> May 2020;** the federal government ended the lockdown. Prime Minister Khan insisted that the decision was taken with the provinces' consensus. The Punjab and Balochistan governments warned against lifting restrictions BUT the judiciary again weighed in. On 19<sup>th</sup> May 2020, ***during the coronavirus suo moto case hearings, the Supreme Court noted that provinces were constitutionally bound to follow Islamabad's directives.***

- ***The PTI's federal government said it would lift the lockdown in phases but by mid-June the country was almost fully open for business. Schools remained closed but all markets and shopping centres were operating and restrictions on most non-essential businesses had been removed. Borders with Iran and Afghanistan were re-opened, domestic and international flights resumed, and several train services started up again, as did local public transport. Punjab re-opened its shrines that attracted large number of visitor daily.***

Prime Minister Khan's justifications for lifting the lockdown were twofold: the burden on the poor & working class, and the adverse impact on the national economy. Announcing the National Coordination Committee's decision to cancel the closures on 7<sup>th</sup> May 2020, he said:

*"We are doing it because people are facing extreme difficulties. Small business owners, daily wage earners and labourers are suffering. We fear that small and medium-sized industries might vanish completely if we don't lift the lockdown".*

A week earlier, the federal minister heading the National Command and Operation Centre said the government's revenues were otherwise falling by 30-35pc. The pandemic had seriously compounded Pakistan's already grave economic challenges. Pakistan's economy was in dire straits - large-scale manufacturing declined, exports fallen, the budget deficit widened and unemployment had increased. Remittances, a vital source of foreign exchange, were likely to shrink as thousands of workers in the Gulf had come home. The GDP contracted by 0.38 percent for the fiscal year 2019-2020.

The PTI government's goal in lifting the lockdown was to get the economy moving but very little there was. Till about four months later, signs of economic recovery were still crawling. The federal government provided emergency assistance to families in need, including food subsidies and support, but being a poor country that aid was barely enough. ***The Ehsaas emergency cash program provided financial assistance to an estimated twelve million families who were living under the poverty line - AND*** had extended the program to provide a similar amount to four million unemployed workers all over the country.

Prime Minister Khan held: '**... the cash disbursement program can only be a temporary solution, which is why the lockdown was lifted. There's no way the government can give out handouts to feed people for that long**'. At the same time, the government's financial resources were strained to move ahead smoothly. As unemployment was further up, more citizens were falling under the poverty line day by day.

It was (and still is) a hard fact that Pakistan's under-funded health care system remained ill-equipped to deal with an unprecedented public health emergency like Covid-19. Medical professionals repeatedly called for a stringent nationwide lockdown then but the government, concerned about the economic costs, had to ignore their advice. Professional bodies of doctors countrywide had issued similar calls for a nationwide closure to contain the disease's spread both before 9<sup>th</sup> May and afterward – but economy didn't allow the state to follow the developed world's norms.

As per figures available on foreign media, by 9<sup>th</sup> May 2020, when the lockdown was lifted, the total number of cases was around 29,000 and the death toll was 637. About six weeks later, the total number of cases and the death toll stood three times multiplied – but the PTI govt didn't bother as it had no funds to match the SOPs of the western states. In early June, the World Health Organization's country head in Pakistan recommended imposing targeted and intermittent two-week-on - two-week-off lockdowns. Health experts quickly supported his recommendation. But the prime minister's health adviser said: '**... the WHO has assessed Pakistan's situation through a health lens and that the PTI government has to make tough policy choices to strike a balance between lives and livelihoods.**'

AND the smart lockdowns were launched and stressed; the government eased or removed them altogether in low-risk areas. In mid-June, provincial governments imposed two-week lockdowns in city-areas such as Karachi, Lahore and Peshawar. The government argued that such limited lockdowns could contain virus spread without economic hardship. According to Pak-official statistics, the daily number of confirmed cases had declined considerably since mid-July. However, by 2<sup>nd</sup> August 2020, **Pakistan had around 280,200 registered cases and nearly 6,000 deaths, ranking 13<sup>th</sup> amongst COVID-19 affected countries globally** (in terms of total cases) – however, the figures were far less than in European countries.

The **smart lockdown's track, trace and quarantine strategy**, which involved tracing and isolating virus carriers and their contacts and placing viral hot-spots under quarantine, was allegedly hampered by poor data and low testing rates. **According to the National Command Operation Centre, testing capacity had increased to over 70,000 by early July**; however, the then coming-up religious holidays had threatened another uptick. The affected people were more during Ramadan in June - Eidul Fitr contributed to the first surge of infections as massive crowds went for shopping in markets and large congregations prayed in mosques. This time, case numbers were increasing substantially in smaller cities and rural regions due to weaker health facilities there.

A little later, placing the onus of preventing contagion on citizens appeared at the heart of a new strategy – '**Living with the Pandemic**'. A rethink was urgently needed – but government's weak financial position was in everyone's mind. However, it was felt that the parliament could play a more active role, particularly with regard to fiscal and other assistance for the most vulnerable sections of the population. The military leadership was already in as an equal partner in the pandemic response. Yet citizens always hold the elected leadership accountable had the pandemic response faltered.