COVID-19 in Sindh: Macro-Economic and Socio-Economic Impact Assessment and Development Response Framework

Planning & Development Department
Government of Sindh

RATIONALE OF PRESENTATION

- Lockdown and Socio-Economic Impact Assessment to be Prioritized for Evidence-Based Response
- Assessment of Economic Impact (Output and Employment Losses)
- Assessment of Poverty Impact (Poverty and Food Security)
- Areas of Support to Guide Economic and Social Support Recovery

SCHEME OF PRESENTATION

Introduction

- Annual Development Plan till COVID-19
- Immediate Development Response

01

Impact Assessment

- Assessment of Economic Impact
- Assessment of Poverty Impact

02

Areas of Support

- Prioritization of Economic Response
- Social Protection Support for the Vulnerable

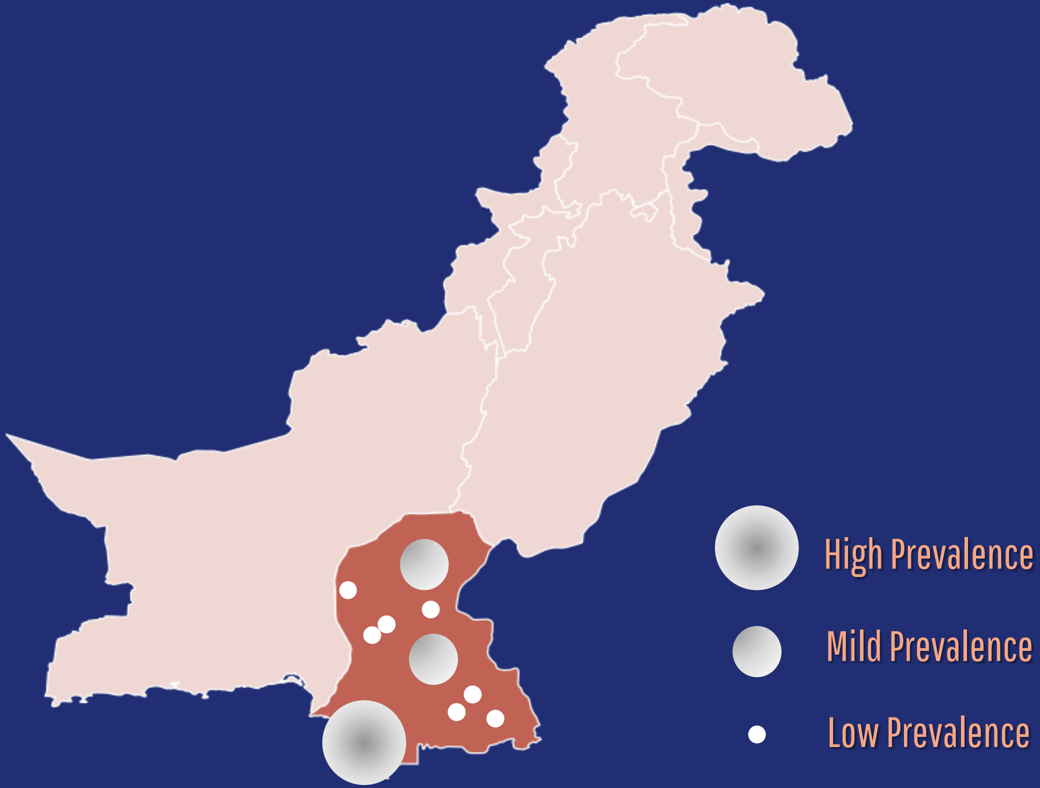
03

01

Section

INTRODUCTION

PREVALENCE OF COVID-19 IN SINDH



Coronavirus (COVID-19) pandemic has impacted the entire world, including the lives of the people in Pakistan. With two confirmed cases on 26th February 2020, the country’s total confirmed cases are 12,227 as of 25th April 2020. The province of Sindh has 4,232 confirmed COVID-19 cases as of 25th April 2020. The immediate risk of the virus is a public health concern; however, the severity of outbreak warrants scenario-wise assessment of the socio-economic impact to guide social protection, development response and other economic recovery efforts.

Annual Development Plan Situation

The total development budget outlay for Sindh for FY 2019-20 is Rs.284 billion. This includes Rs.208 billion for Provincial ADP and Rs.20 billion for District ADP schemes. Rs.51.15 billion are earmarked for the Foreign Projects Assistance (FPA) component. Rs.4.89 billion have been included in Federal PSDP for GOS executed schemes. According to release and expenditure position of dated 7th April, 2020, Rs.68.273 billion is spent on Provincial ADP schemes and Rs.4.524 billion is spent on District ADP schemes.

There were 912 schemes which were provided 100% allocations and therefore likely to be completed (LTBC) in current financial year (CFY) however, there are 125 such schemes which have spent full funds and will be completed. In case the released funds Rs. 6.5 Billion are un-freezed, additional 441 LTBC schemes would be completed during CFY. In addition, 26 major schemes, where re-appropriation proposals have been conveyed to FD, would be completed during CFY in case Rs. 2700 million are allowed for these schemes..

Strategic Collaboration with Development Partners

The government of Sindh is cognizant of developing Strategical partnerships with national and international developing partners.

- PREP ($5 million)
- World Bank (Re-purposing/restructuring of existing projects)
- UNDP (COVID-19 response discussion)
- Planning Commission (National Level COVID-19 Response)

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Section

IMPACT ASSESMENT

National Estimates by Sub-Committee of National Coordination Committee on COVID-19 on Economic Analysis

	Scenario I	Scenario II
GDP	2.6%	2.0%
GDP Reduction from Expected Growth	0.7%	1.3%
Unemployment	12.6 million	19.1 million
Increase in Poverty	4.7%	9.2%

IMPACT ASSESMENT

Economic Impact

Overall GDP losses in Sindh is expected between $1.07 billion to $2.26 billion

Overall Employment losses in Sindh is expected between 2.8 million to 4.4 million people

Poverty Impact

Overall increase in poverty of Sindh is expected between 2.98 million to 5.69 million people

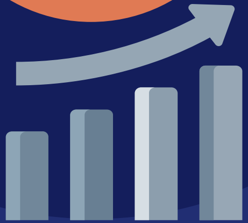
Currently 47.1% Households are food insecure in Sindh and are expected to increase

ECONOMIC IMPACT

Prior to COVID 19, GDP for Pakistan was expected to increase by 3.3%. The rapid economic impact assessment reveals that Pakistan's GDP growth could reduce by a range between 0.7% and 1.6% in the current fiscal year.

Preliminary macro-economic and socio-economic assessments have been made by members of the Sub-Committee on National Coordination Committee (NCC) on COVID-19 on Economic Analysis

GDP



1.07

Scenario 1

Billion $ Loss

2.26

Scenario 2

Billion $ Loss

Computation Method of GDP Losses

- Sub-Committee NCC COVID-19 Economic analysis report's national GDP losses numbers have been used to estimate the provincial GDP loss share from Dr. Pasha's 2015 paper on Provincial Growth Economies.
- Sindh's share comes out to be around 30% of national GDP. Scenario-based parameters have been utilized, as per economic analysis conducted by sub-committee established for economic analysis on COVID-19
- For forecasting the overall GDP loss percentage in Sindh, the national level GDP loss has been used as the basis;

Assessment of GDP Losses

Scenario 1

Scenario 1 is basically a 2.60% National GDP Growth (reduction of 0.7% from expected growth)

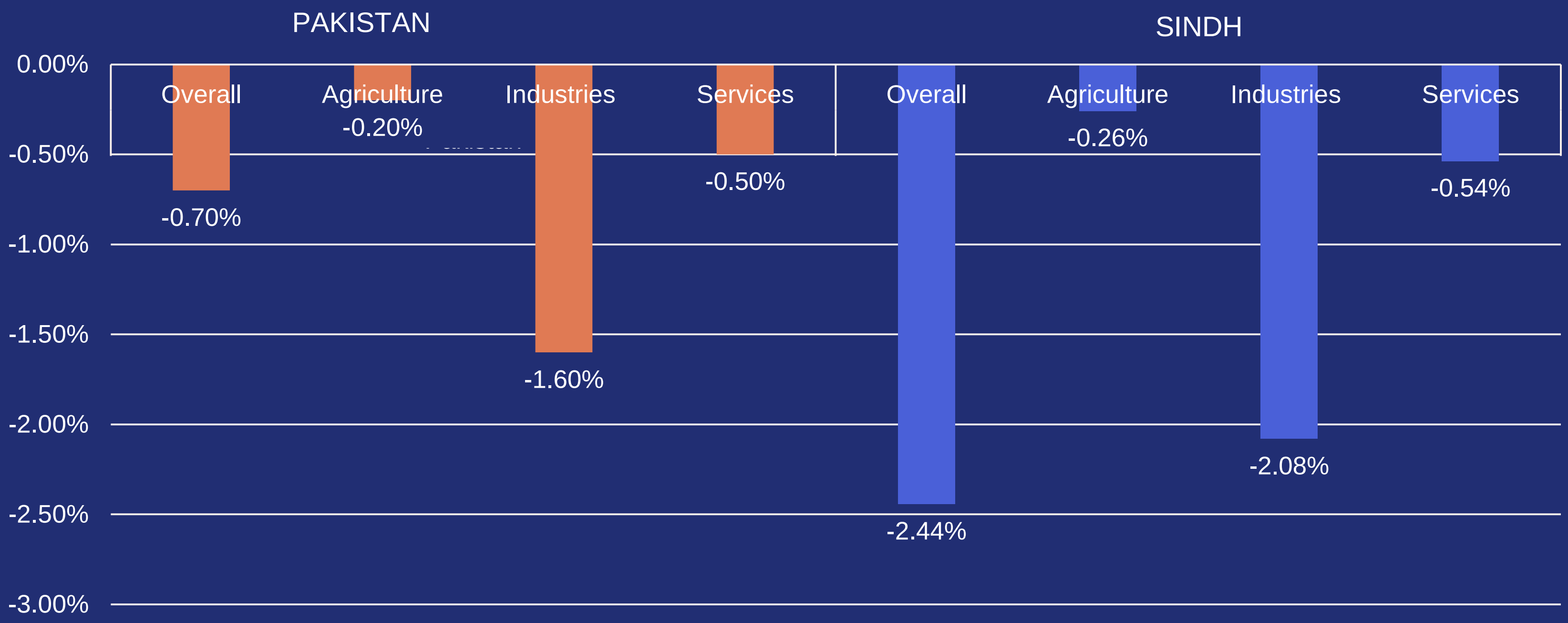
Scenario 2

Scenario 2 is 2.00% National GDP Growth (reduction of 1.3% from expected growth)

Actual Estimations of GDP Losses

Assumptions

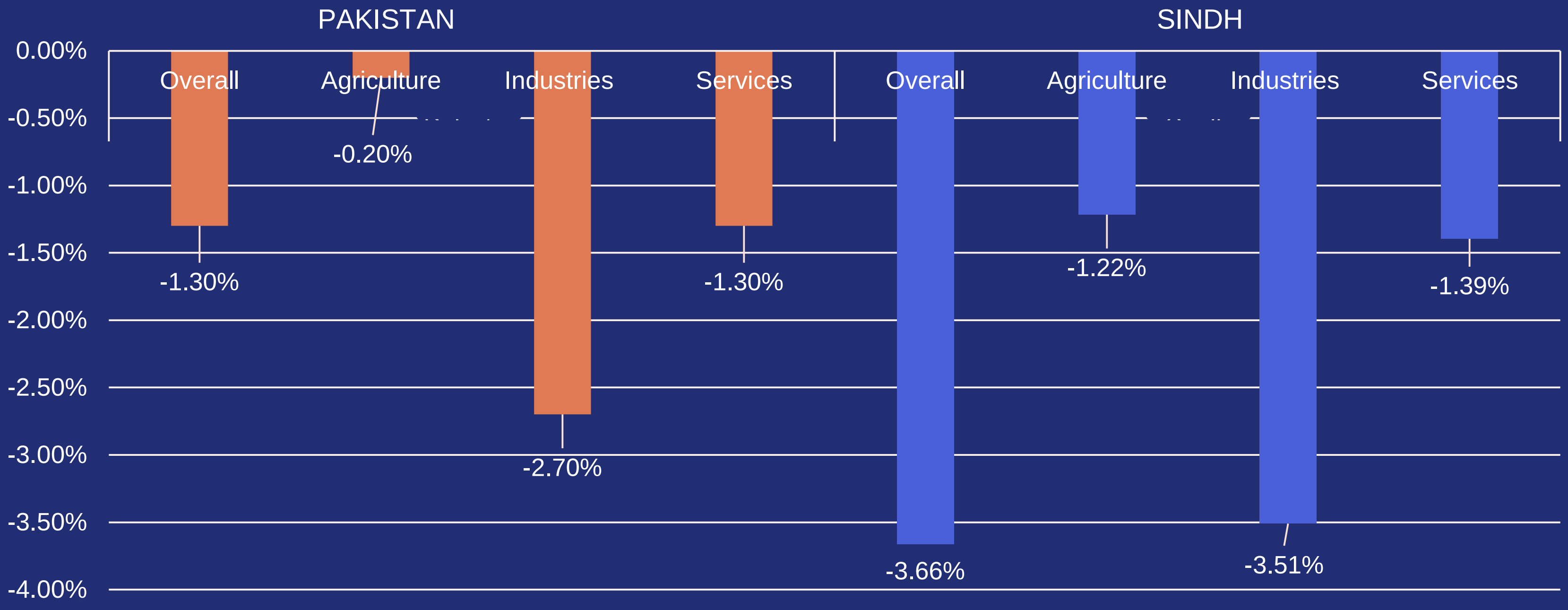
Scenario 1 (Reduction of 0.7% in National GDP growth)



Actual Estimations of GDP Losses

Assumptions

Scenario 2 (Reduction of 1.3% in National GDP growth)



Actual Estimations of GDP Losses

Assumptions

Scenario 1 (GDP Growth of 2.60)

$ In billion

Year	Region	GDP at constant prices (World Bank & IMF estimates)	GDP Loss Percentage scenario 1 (4.60% reduction in GDP)		
			Percentage loss (%)	Change in GDP (loss/increase)	Total Net GDP
2020	**Pakistan**	**335**	**-0.70%**	**-3**	**332**
	Agriculture	**62**	-0.20%	-0.12	61.96
	Industries	**68**	-1.60%	-2.76	65.15
	Services	**205**	-0.50%	0.60	205.67
2020	**Sindh**	**101**	-2.44%	-1.07	100.12
	Agriculture	**16.25**	-0.26%	-0.04	16.22
	Industries	**30**	-2.08%	-1.46	28.20
	Services	**55.27**	-0.54%	-0.07	55.20

Actual Estimations of GDP Losses

Assumptions
Scenario 2 (GDP Growth of 2.00)

$ In billion

Year	Region	GDP at constant prices (World Bank & IMF estimates)	GDP Loss Percentage scenario 2 (9.5% reduction in GDP)		
			Percentage loss	Change in GDP (loss/increase)	Total Net GDP
2020	**Pakistan**	**335**	**-1.30%**	**-5**	**331**
	Agriculture	**62**	-0.20%	-0.120	62
	Industries	**68**	-2.70%	-3.48	64.43
	Services	**205**	-1.30%	-0.99	204.09
2020	**Sindh**	**101.19**	-3.66%	-2.26	98.94
	Agriculture	**16.25**	-1.22%	-0.19	16.07
	Industries	**29.67**	-3.51%	-1.89	27.78
	Services	**55.27**	-1.39%	-0.53	54.75

2.80

Scenario 1

Million Employment Loss

4.39

Scenario 2

Million Employment Loss

4.26

Scenario 3

Million Employment Loss

PIDE estimates

Computation Method of Job Losses

- Job losses figures for Pakistan have been derived from Sub-Committee NCC Analysis
- Sector wise job losses for Pakistan have been computed through sector wise employment shares given in the Labor Force Survey (2017-18)
- Job losses in Sindh have been estimated through Sindh share of employment (23%) in overall employment, as derived through Labor Force Survey (2017-18)
- Sector wise job losses in Sindh are computed by applying sector wise employment percentage on total Sindh share of job losses using the Labor Force Survey

Assessment of Job Losses

Scenario 1

In this case is national job losses of 12 million (corresponding to 0.7 percent reduction in GDP Growth),

Scenario 2

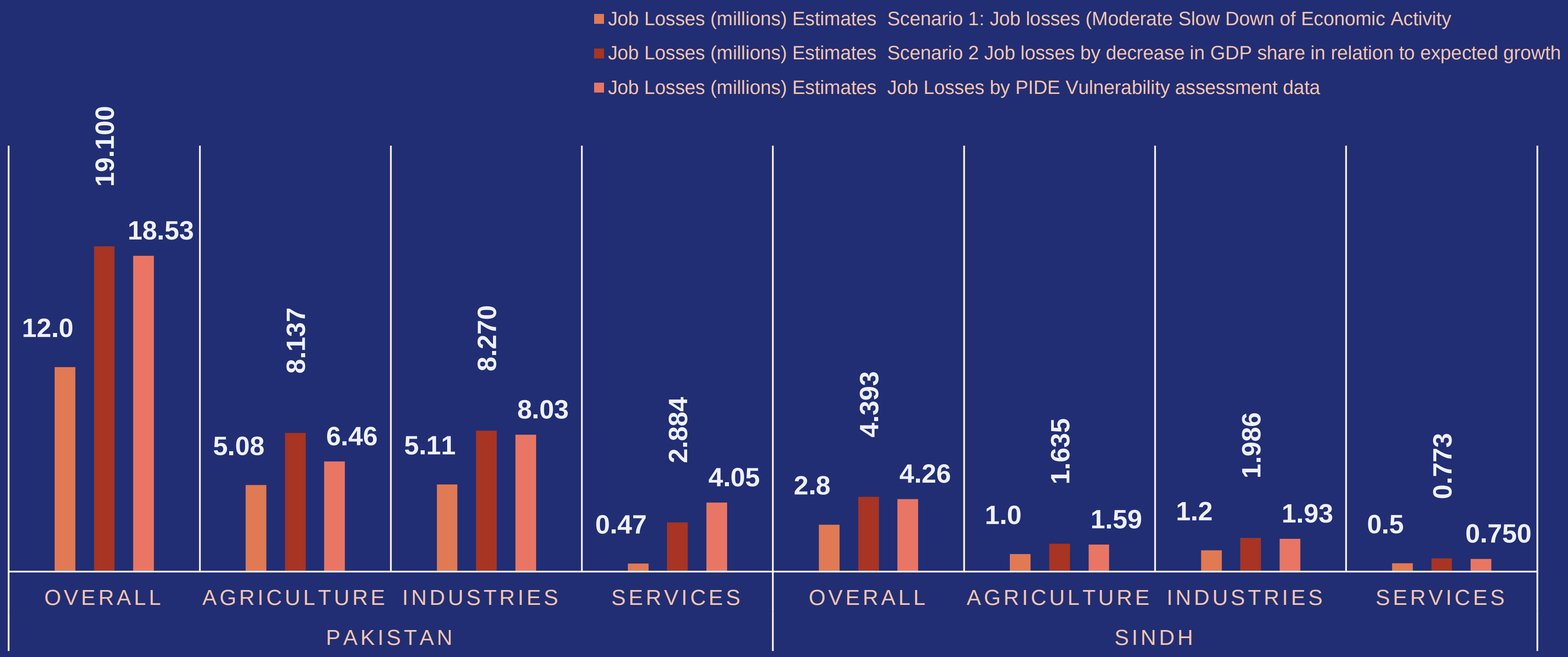
Scenario-II is 19.1 million national job losses (corresponding to 1.3 percent reduction in GDP growth)

Scenario 3

Scenario-III is 18.53 million national job losses based on PIDE Vulnerability Assessment

Assessment of Job Losses

JOB LOSSES IN MILLIONS DUE TO COVID 19 IMPACT



Assessment of Job Losses

Region	Sectors	Job Losses Estimates (in millions)		
		Scenario 1: Job losses (Moderate Slow Down of Economic Activity	Scenario 2 Job losses by decrease in GDP share in relation to expected growth	Job Losses by PIDE Vulnerability assessment data
Pakistan	**Overall**	**12.0**	**19.100**	**18.53**
	Agriculture	5.08	8.137	6.46
	Industries	5.11	8.270	8.03
	Services	0.47	2.884	4.05
Sindh	**Overall**	**2.8**	**4.393**	**4.26**
	Agriculture	1.0	1.635	1.59
	Industries	1.2	1.986	1.93
	Services	0.5	0.773	0.750

POVERTY IMPACT

Social Protection Assessment is crucial in determining the segments of the population that would be affected by the outbreak. The vulnerable population would largely include people who are susceptible to economic shocks to an extent that it may drive them below the income poverty line. Presently, 24.3% of population is living below the $1.90 poverty line at PPP in Pakistan. This essentially means that 50.49 million out of 207.78 million people are below poverty line.

Poverty

Scenario 1

2.98 Million Additional People Below Poverty Line

Scenario 2

5.69 Million Additional People Below Poverty Line

Computation Method of Poverty Incidence

- Assuming Sindh’s share of 29.8% in terms of total poor population in Pakistan, it means that 15.05 million people in the province are living below poverty today (i.e. 29.8% of 50.49 million total population living below the poverty line in the country).
- Sub-Committee NCC report posits that number of additional people who could fall below poverty line in Pakistan ranges from 10 million in Scenario-I (corresponding to 29% national headcount ratio) to 19.1 million in Scenario-II (corresponding to 33.5% headcount ratio)
- Assuming Sindh’s Poverty Share of 29.8%, this translates into 2.68 million to 4.45 million additional people falling below poverty line in Sindh

Assessment of Poverty Incidence

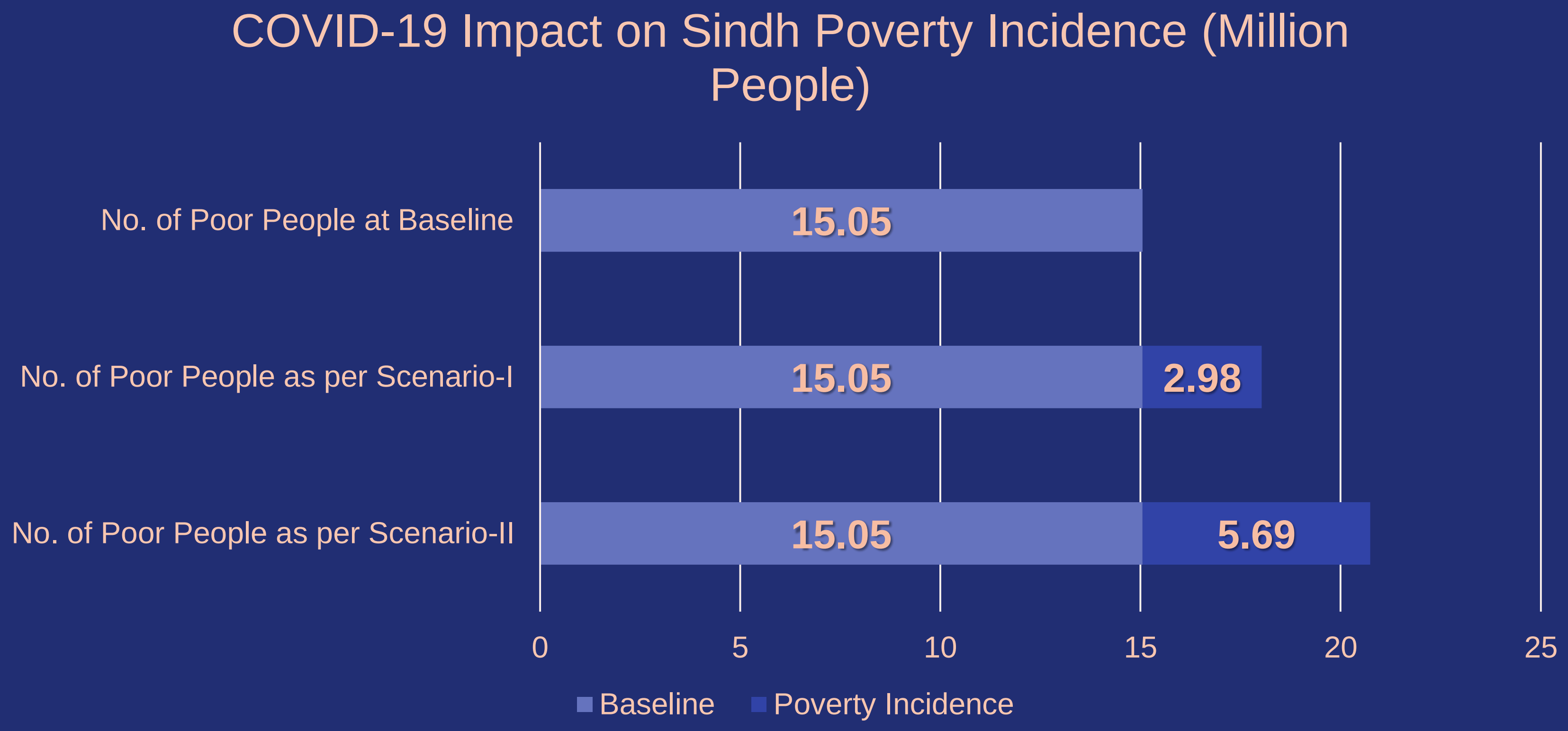
Scenario 1

Scenario-I is 10 million additional people in the country below poverty line in the country (corresponding to 4.7% increase in headcount)

Scenario 2

Scenario-II is 19.1 million additional people below poverty line (corresponding to 9.2% increase in headcount).

Assessment of Poverty Incidence



Food

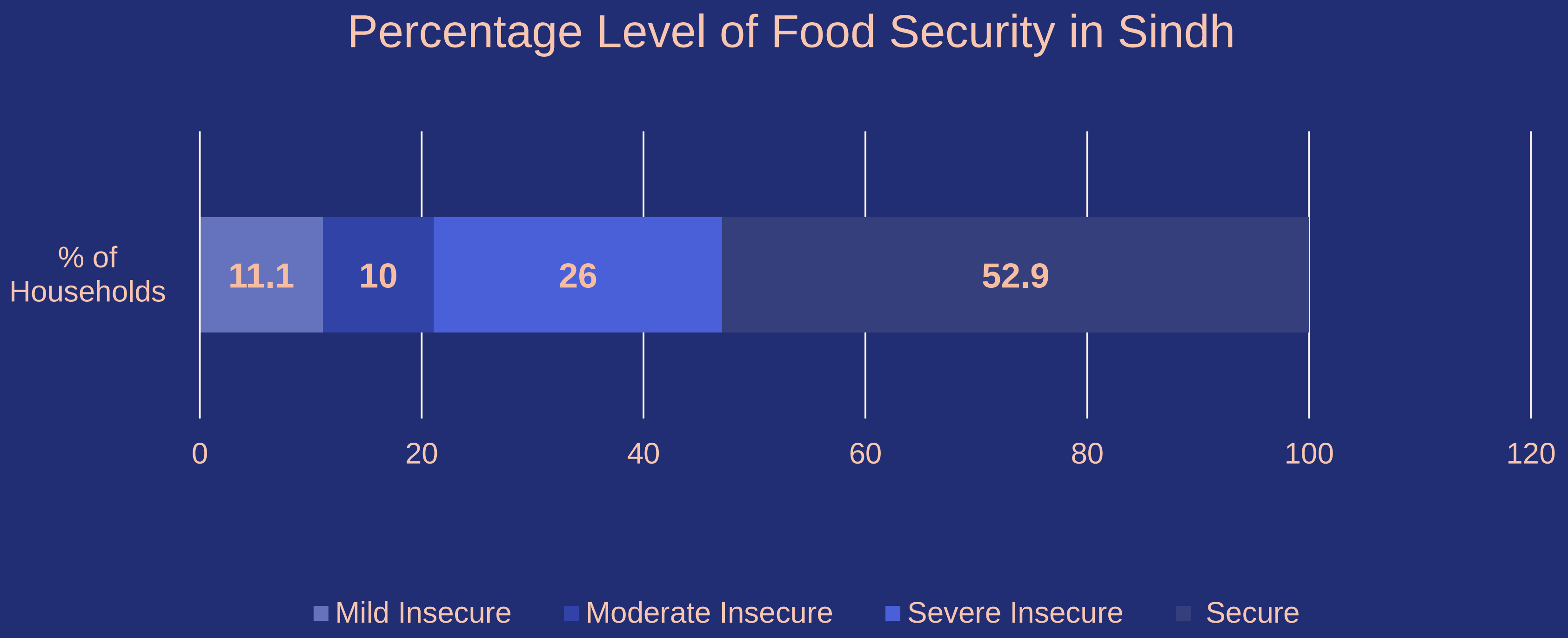
47.1

Percent People are
Food Insecure

Computation of Food Security Prevalence

- There are 47.1% Food Insecure Households in Sindh while the Social Protection coverage is only 12.7% as per NNS 2018. Given the COVID-19 impact, the Unemployment and Poverty Incidence might add to the food insecure Households' Percentage as they are strongly correlated.

Assessment of Food Security Prevalence



Assessment of Food Security Prevalence

Food Insecurity Level	% of HHs Food Insecure	No. of HHs as per Census 2017
Mild	11.1	953,003
Moderate	10.0	858,561
Severe	26.0	2,232,259
Total	**47.1**	**4,043,822**
Food Secure	52.9	4,560,054

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Section

AREAS OF SUPPORT

AREAS OF SUPPORT

Economic Support

Social Protection

ECONOMIC SUPPORT

- Supporting Businesses
- Sector Specific Protocols
- Mitigate Effects of Sector-Wise GDP Losses
- Wage Support Scheme

Development Priorities for Economic Response to Covid-19 Impact

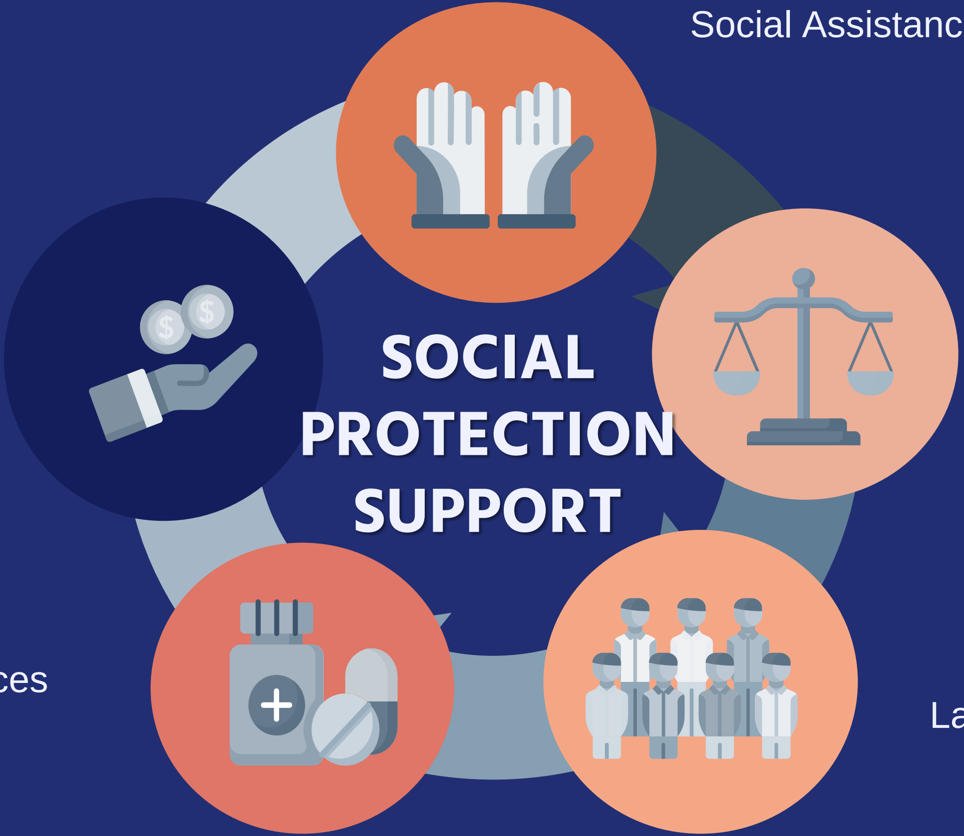
Area of Support	Intervention(s)	Relevant Government Department(s)/Partners
Supporting Businesses	Monitor the impact of crisis on SMEs and enhance governance Identification of key agricultural value chains Access to finance for MSMEs through debt and equity instruments Support Startups and Entrepreneurs	Sindh Enterprise Development Fund, Sindh Bank, Industries and Commerce Department, PPP Unit, Finance Department, National Incubation Center, Sindh Small Industries Corporation, Commercial Banks
Sector Specific Protocols	Sector-Specific SOPs E-Commerce Tax Exemptions	Public Health Experts, Industrial Associations, Planning & Development Department

Development Priorities for Economic Response to Covid-19 Impact (Cont...)

Area of Support	Intervention(s)	Relevant Government Department(s)
Mitigate Effects of Sector-Wise GDP Losses	Mobilize funds and inject investments to at least 10-15% of GDP Losses Phase-wise subsidies for vulnerable industries (transportation, retail, etc.) Deferring deposits of tax liabilities and reduction in tax rates Tax Refund and duty relief to exporting industries Deferment of appropriate share of loan balance	Sindh Board of Revenue (SBOR) Sindh Board of Investment (SBOI) Sindh Exercise and Taxation Department Industries and Commerce Department Labor Department Finance Department

Development Priorities for Economic Response to Covid-19 Impact (Cont...)

Area of Support	Intervention(s)	Relevant Government Department(s)
Wage Support Scheme	Identification of partial unemployment, reduction in work-hours of daily wagers and vulnerably employed Finance temporary lay-offs and incentivize businesses to discourage lay-offs Develop and Streamline G2P Payment Infrastructure for cash transfers using mobile money and E-Payment solutions	Finance Department, Industries and Commerce Department Labor Department



SOCIAL PROTECTION SUPPORT

Social Assistance

Social Insurance

Labor Market Programs

Social Care Services

General Subsidies

Development Priorities for Social Protection Response to Covid-19 Impact

Area of Support	Intervention(s)	Relevant Government Department(s)
Social Assistance	Identification of vulnerable households Streamlining disbursement of social assistance Harmonization of Efforts to address coverage and funding gaps	Social Protection Unit, PPRP, Ehsaas (PASS), Finance, Zakat & Ushr
Social Insurance	Expand the ambit of health insurance to include unemployed and vulnerably employed	Finance Department, Health Department, PPRP
Labor Market Programs	Active Labor Market Program: Public Employment Services Vocational Training Programs Employment Subsidies	STEVTA, Finance Department, Works & Services, Labor Department

Development Priorities for Social Protection Response to Covid-19 Impact (Cont…)

Area of Support	Intervention(s)	Relevant Government Department(s)
Social Care Services	Bolster relief efforts by identification of vulnerable women and children Support remedial education for affected children and skills development for impoverished women Social support service extension (e.g. mental health)	Social Welfare Department, Women Development Department, Social Protection Strategy Unit, STEVTA, PPRP
General Subsidies	Restructure scope of subsidies with 'equity' objective Conduct economic vulnerability assessment for identification and targeting Prioritize phase-wise provision of subsidies based on vulnerabilities	Agriculture Department, Food Department, Finance Department, PPRP

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