



COVID-19: How is Pakistan Responding

About IPR

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This report is a summary of an online panel discussion held by IPR on 16 April 2020. The speakers were:

- *Mr. Humayun Akhtar Khan*
- *Dr. Atta ur Rahman*
- *Dr. Nafisa Shah*
- *Dr. Adnan*

Contributions also from: Dr. Junaid Zaidi, Ambassador Ashraf J. Qazi, Mr. Ismail Qureshi, General Naeem Lodhi, Mr. Tariq Parvez, Dr. Shoaib Suddle, Prof. Dr. Moazzam Rizvi, Dr. Humera Jamil, Mr. Danish Alvi, Mr. Ismail Aykac, Mrs. Ambrin Hayat

Introduction

We are facing a global health crisis never seen before - one that is killing people, spreading human suffering, and upending people's lives. But this is much more than a health crisis. It is a human, economic and social crisis. The coronavirus disease (COVID-19), which has been characterized as a pandemic by the World Health Organization (WHO), is attacking societies at their core.

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Keeping in view the urgency of the situation in Pakistan, the Institute for Policy Reforms (IPR), conducted an online seminar regarding Pakistan's response to the pandemic. The discussion included distinguished panelists, such as CEO and Chairman IPR, Humayun Akhtar Khan, Chariman PM's Task Force for Science and Technology, Prof. Atta-ur-Rahman, Member of National Assembly and party member of Pakistan People's Party, Dr. Nafisa Shah and CEO of Research and Development Solutions, Adnan Khan. This report highlights the main findings and recommendations that emerged from the discussion:

Health:

- The biggest problem that Pakistan is facing is lack of large-scale testing for COVID-19 carriers. We still do not know the actual figures. Currently, we are only testing 3000 individuals a day, and to make matters worse, the results of these tests are not reliable because 30 percent are coming out as false negatives.
- A vaccine will not be available in the foreseeable future as it may take at least a year or two. Developing a new drug would also take several years and billions of dollars for research and development before it becomes functional. It could also be very expensive and not affordable for all

- Relying on existing drugs seems to be the only option currently. Hydroxychloroquine had been proposed by many, including US President Trump, as a cure for COVID-19, but it is still too soon to say. The drug has its own side-effects and may not be useable for everyone. The same goes for plasma treatment. Anti-viral drugs are under trial. Until these drugs and treatments undergo proper clinical trials, we cannot label them as a cure to defeat the virus.
- Health care workers across Pakistan lack adequate Personal Protective Equipment (PPE) such as N95 masks, gloves, face shields, goggles, and PPE overalls. Reports about doctors testing positive for COVID-19 is extremely worrying and demoralizing for an already overburdened health care system.
- Social distancing seems to be the only solution to flatten the curve of infection, and it is here to stay. Researchers in the US estimate that social distancing measures may have to be enforced up to 2022. We all need to get used to it and find solutions how to cope with it.
- In Pakistan, however, the lockdown appears to have been eased. The streets are almost full and the enforcement of social distancing does not seem to be in play across the country. A massive spike of infection will lead to an eventual collapse of our health care system which is already under equipped, under manned and unprepared for another massive surge of COVID-19 patients.

Recommendations:

- The government needs to increase the number of tests being carried out for suspected COVID-19 patients at a massive scale to find the real extent of the spread of infection. Pakistan should be conducting at least 50,000 tests a day to get an accurate figure.

- The quality of tests being conducted also needs to improve drastically. The equipment is faulty and our health care workers lack the sufficient expertise and support to properly carry out COVID-19 testing.
- The government must find ways to start producing PPEs and other necessary medical equipment locally at a large scale. Providing necessary equipment to our health care workers should be of paramount importance. Pakistan also needs to construct more quarantine facilities and field hospitals so that is better prepared for another surge of COVID-19 patients in the coming weeks.
- Social distancing is the only solution to avoid widespread infection so the government must ensure that it's citizens abide social distancing measures. However, it seems that Pakistan is easing its lockdown measures even when cases are on the rise. Other countries are doing so gradually and only when they have passed the peak and are seeing a drop in new cases. Such a decision is full of risks and could exacerbate the problem.
- Pakistan must have effective Testing, Tracing and Isolation systems to tackle this challenge and win the war against the pandemic without too much human suffering and economic loss.
- Data should guide all decisions on easing the lockdown. There should be no other basis.

Social Welfare and Economic revival:

- The extent of the economic pain and likely economic revival will depend on when the health crisis subsides. The two are very closely linked. Developing countries such as Pakistan, will be more hard hit as they are more vulnerable, both with respect to their economy and their health care services.

- Pakistan's economy was already in slowdown. But now, it is virtually at a standstill. Its economic troubles have multiplied due to the challenges posed by the pandemic.
- A report by Google has shown that visits to retail stores and recreational services fell down by 65% between 23 February and 5 April 2020. Visits to groceries stores and pharmacies also fell by 51%. So the economic activity has fallen significantly.
- For economic revival to occur, we must ensure continuation of the economic system. It has to be in place when the health crisis is over.
- It appears that Pakistan is heading towards a sharp recession. Unemployment is increasing, more people are falling below the poverty line.
- The only good news is that there is an emerging international consensus for postponement of debt repayment for developing economies. If this decision comes into effect and applies to Pakistan, the country could redirect budget resources for welfare, health sector and to support businesses. IMF, World Bank, and ADB have committed large amounts in aid to meet the cost of the pandemic. GoP must have an effective plan to use these funds for above purposes.
- Many economic indicators may worsen. Pakistan's exchange rate could stay volatile. The exchange buffer is essentially gone.

Recommendations:

- The government must ensure that people who lose their jobs must have minimum level of sustenance. They should also help citizens with food and income support, better access to health and other basic services.

- The government must protect micro, small, and medium enterprises, businesses and farmers to prevent an economic collapse. They must be able to survive until subsequent revival. The government should do whatever it can to avoid bankruptcies in the face of falling demand.
- The State Bank Pakistan (SBP) has already taken steps for debt relief and provision of low cost debt. These facilities must be implemented without too many conditions so that businesses retain their employees. SBP must make sure that low cost loans serve the purpose they are meant for.
- SBP must continue to reduce discount rate. The 9% discount rate would still not foster investment.
- Special effort should be made by the government to reach out to the informal sector and micro enterprises. These businesses do not get credit from banks. There must be a special mechanism to assist them. The informal sector is the backbone of the economy. They serve many other businesses and employ a large part of the workforce.
- Access to credit has been a limiting condition for investment. In the past, DFI played this role with fixed-rate project finance for the private sector. Decline in manufacturing in Pakistan coincides with closing of DFIs. Pakistan must revive DFIs. Similarly, LTFF and TERF must have fewer conditions. LTFF envelope must keep pace with falling value of Rupee and should fund industries that sell in the domestic market. TERF be made available for BMR also.
- Highest priority at the moment is to limit the amount of human suffering and tragedy as much as possible because there cannot be a normal economic activity if the disease continues to spread.

- The government will not be able to extend welfare to citizens by itself. It must invoke help of the civil society and the private sector as well. It will require funds and delivery mechanisms to cater to immediate health care needs and to the welfare of the people affected by this crisis.
- We must ensure smooth supplies of medicines, food and other essentials. These must reach even those who cannot afford it. For this to be possible, the government should consider redirecting funds from other schemes. As the interest rates begin to come down, the debt servicing cost in our fiscal budget will bring some financial space, that can be redirected and utilized for such services.
- There can no economic recovery unless the health crisis is curtailed. Once the health crisis is curtailed, only then the economic activity can start. Any discussion about lifting the lockdown on account for economic activity is premature and reckless. Preventive measures are more important for developing nations because once the situation gets out of control they are more likely to become overwhelmed and lead to a collapse of the health care system.

Institutional:

- There seems to be a lack of coordinated response between the Federal and the Provincial governments of Pakistan regarding how to tackle the deadly virus. Each province seems to have its own solution and method to tackle the virus, leading to a sense of confusion among the people.
- A lack of awareness among the masses regarding the severity of the situation and the importance of social distancing is also making matters worse. This is an institutional flaw and lack of unified messaging.

- There must be more knowledge about on ground situation in different areas. The approach to each area must be guided by local influential. We need a more effective system for local governments. Local people are more familiar with the logistics, problems and needs of their respective areas.
- The decision to allow the clergy to offer congregational prayers in Mosques during is risky. Friction between some members of the clergy and LEAs is inevitable. The decision risks spread of infection that may become difficult to control. LEAs must employ a mix of soft and hard approach. 27% of COVID-19 cases originated from the Raiwind Ijtema.

Recommendations:

- In times of crisis, the country requires a united approach. The center and provincial government must work together to save the people from this crisis. This is not the time to play politics. What we need is one approach, one voice and to stand as one nation to come out of this challenge as a better and stronger nation.
- The government must not ease lockdown restrictions, especially when the cases have started to exponentially grow. The situation is fraught with risks with possibly grave consequences.
- Local knowledge should guide tailored social distancing and welfare solutions.

