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## GROWTH FOR RURAL ADVANCEMENT AND SUSTAINABLE PROGRESS

# ANALYSIS OF REGULATORY AND INSTITUTIONAL RESPONSE

by federal and provincial governments of Sindh and Balochistan

during Covid-19 and policy options to augment emergency response and revive rural economy



***Abstract***

*This paper is a rapid review of the assessed economic impact of Covid-19 on provincial economies of Sindh & Balochistan, and various response measures taken by their respective governments as well as the federal government. The aim of this paper is to help identify gaps and limitations affecting the rescue, relief, and recovery measures in the two provinces vis-à-vis the Covid-19 challenge with a focus on rural economy and MSMEs*

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### Disclaimer:

The report is based on data collected in August and September 2020. The views expressed are the views of the author and do not reflect the views and priorities of ITC.

## 1 Introduction

In less than a year, the Covid-19 pandemic has already put at risk the health and livelihoods of millions across the globe.<sup>1</sup> In Pakistan, large sections of both the policymakers and the public believes that the impact of the disease on livelihoods is far worse than its impact on public health. As countries across the world scramble to identify optimal responses to this multifaceted crisis, authorities in Pakistan have struggled to develop a national strategy, as federal and provincial governments figure out the jurisdictional overlap in the aftermath of devolution of health and social services functions to provinces under the 18<sup>th</sup> amendment to the constitution of 2010<sup>2</sup>.

The jurisdictional challenges rising out of devolution of fiscal, regulatory, policymaking, and governance powers to the provinces certainly pre-date the pandemic and are still unfolding. Even in areas such as the subject of health where provincial precedence is clearly demarcated and widely accepted, Covid-19 has challenged traditional definitions of what constitutes a health crisis. The Federal Legislative List, which defines constitutional roles of the federal government, for example, is silent about whether a “global” pandemic warrants a national response<sup>3</sup>.

The goal of both federal and provincial authorities, of course, is to minimize the damage caused by Covid-19. However, the differences in approach fuelled anxiety and speculation about the objectives, efficacy, and the outcomes of varying strategies adopted<sup>4</sup>. The governments in Sindh and Balochistan, for example, were quick to implement the lockdown and social distancing measures adopted globally to curb the spread of the disease, while the federal government and other provinces dithered<sup>5</sup>.

But jurisdiction does not necessarily translate into administrative capacity to deal with the health crisis, or the ability to assist individuals and businesses in dealing with the economic consequences of the pandemic. Thus, the initial response by the federal and provincial governments reflected conflicting strategies and mixed signalling which risked compounding the crisis where capacity was weak or lacking. The federal government, on the other hand, pushed to limit the lockdown, as it raised concerns that more may die of hunger and poverty caused by Covid-led unemployment, than by the deadliness of the disease.<sup>6</sup>

Following the 18<sup>th</sup> amendment the provinces are largely responsible for managing a host of public service affairs (including those relating to rural economy, housing, labour, and tourism). However, there is a need to review regulatory and institutional response by provincial governments during Covid-19, where Sindh and Baluchistan are the focus of this study with respect to rural economy and MSME’s in particular.

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<sup>2</sup> *Ali K, 2020*

<sup>3</sup> *National Assembly, 2018*

<sup>4</sup> *International Crisis Group, 2020*

<sup>5</sup> *Afzal M, 2020*

<sup>6</sup> *Siddique A, 2020*

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## 2 Methodology

To analyse the impact of Covid-19 on national and sub-national economics and to review the responses of federal, Sindh and Balochistan governments, research products such as survey data, survey-based reports, working papers, policy briefs and studies authored by various local and international organizations including think tanks and governmental and non-governmental public policy organizations have been looked at. In addition, official proposals and policy announcements or fiscal measures taken by federal and provincial governments have also been reviewed.

These include federal and provincial budgetary documents, and relief measures taken through legislative and executive arms such as Covid-19 Emergency Relief Ordinance, 2020 promulgated by Sindh<sup>7</sup>. An indicative list of the organisations, their various studies and key findings is reproduced in the table below; the list, however, is not exhaustive.

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<sup>7</sup> Govt. Sindh, 2020