# Geopolitical Uncertainties, Covid-19, and the impact on Growth and Inclusivity on Pakistan

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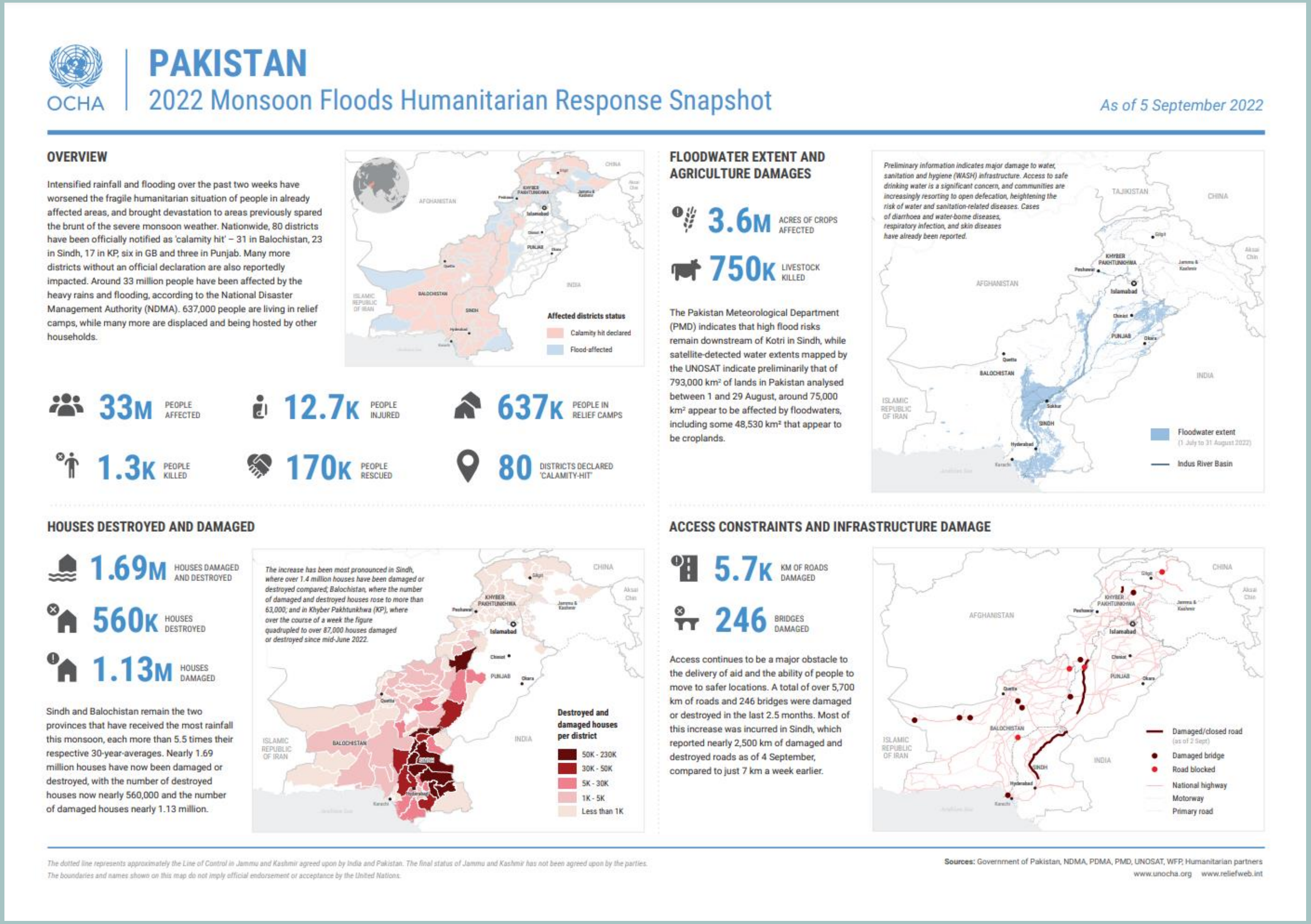
Session VI

# INTRODUCTION



OCHA

# PAKISTAN

## 2022 Monsoon Floods Humanitarian Response Snapshot

*As of 5 September 2022*

### OVERVIEW

Intensified rainfall and flooding over the past two weeks have worsened the fragile humanitarian situation of people in already affected areas, and brought devastation to areas previously spared the brunt of the severe monsoon weather. Nationwide, 80 districts have been officially notified as 'calamity hit' – 31 in Balochistan, 23 in Sindh, 17 in KP, six in GB and three in Punjab. Many more districts without an official declaration are also reportedly impacted. Around 33 million people have been affected by the heavy rains and flooding, according to the National Disaster Management Authority (NDMA). 637,000 people are living in relief camps, while many more are displaced and being hosted by other households.



**33M** PEOPLE AFFECTED

**12.7K** PEOPLE INJURED

**637K** PEOPLE IN RELIEF CAMPS

**1.3K** PEOPLE KILLED

**170K** PEOPLE RESCUED

**80** DISTRICTS DECLARED 'CALAMITY-HIT'

### FLOODWATER EXTENT AND AGRICULTURE DAMAGES

**3.6M** ACRES OF CROPS AFFECTED

**750K** LIVESTOCK KILLED

The Pakistan Meteorological Department (PMD) indicates that high flood risks remain downstream of Kotri in Sindh, while satellite-detected water extents mapped by the UNOSAT indicate preliminarily that of 793,000 km² of lands in Pakistan analysed between 1 and 29 August, around 75,000 km² appear to be affected by floodwaters, including some 48,530 km² that appear to be croplands.

*Preliminary information indicates major damage to water, sanitation and hygiene (WASH) infrastructure. Access to safe drinking water is a significant concern, and communities are increasingly resorting to open defecation, heightening the risk of water and sanitation-related diseases. Cases of diarrhoea and water-borne diseases, respiratory infection, and skin diseases have already been reported.*



### HOUSES DESTROYED AND DAMAGED

**1.69M** HOUSES DAMAGED AND DESTROYED

**560K** HOUSES DESTROYED

**1.13M** HOUSES DAMAGED

Sindh and Balochistan remain the two provinces that have received the most rainfall this monsoon, each more than 5.5 times their respective 30-year-averages. Nearly 1.69 million houses have now been damaged or destroyed, with the number of destroyed houses now nearly 560,000 and the number of damaged houses nearly 1.13 million.

*The increase has been most pronounced in Sindh, where over 1.4 million houses have been damaged or destroyed compared; Balochistan, where the number of damaged and destroyed houses rose to more than 63,000; and in Khyber Pakhtunkhwa (KP), where over the course of a week the figure quadrupled to over 87,000 houses damaged or destroyed since mid-June 2022.*



### ACCESS CONSTRAINTS AND INFRASTRUCTURE DAMAGE

**5.7K** KM OF ROADS DAMAGED

**246** BRIDGES DAMAGED

Access continues to be a major obstacle to the delivery of aid and the ability of people to move to safer locations. A total of over 5,700 km of roads and 246 bridges were damaged or destroyed in the last 2.5 months. Most of this increase was incurred in Sindh, which reported nearly 2,500 km of damaged and destroyed roads as of 4 September, compared to just 7 km a week earlier.



*The dotted line represents approximately the Line of Control in Jammu and Kashmir agreed upon by India and Pakistan. The final status of Jammu and Kashmir has not been agreed upon by the parties. The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.*

**Sources:** Government of Pakistan, NDMA, PDMA, PMD, UNOSAT, WFP, Humanitarian partners
www.unocha.org www.reliefweb.int

# INTRODUCTION

# COVID-19 AND GLOBAL GROWTH RATES

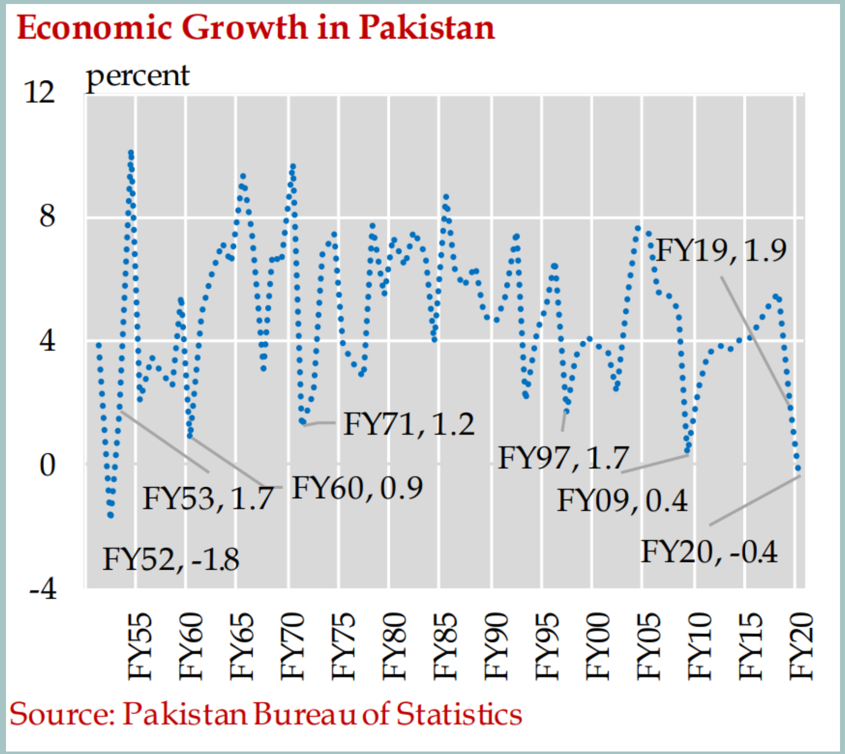
The IMF's World Economic Outlook: growth projections.

Pakistan: positive 2.4 percent growth -> contraction of 0.4 percent in FY20.

In contrast, global growth rates: -4.9%

Worse for advanced economies: -8%.

Impact was markedly worse for most frontier and emerging markets



# INITIAL IMPACTS

Pakistan: 76,398 cases, 1,621 deaths.

56.6% of the population socioeconomically vulnerable

Women and children, home-based and piece rate workers, and marginalized groups most affected

# PAKISTAN'S RESPONSE TO COVID-19

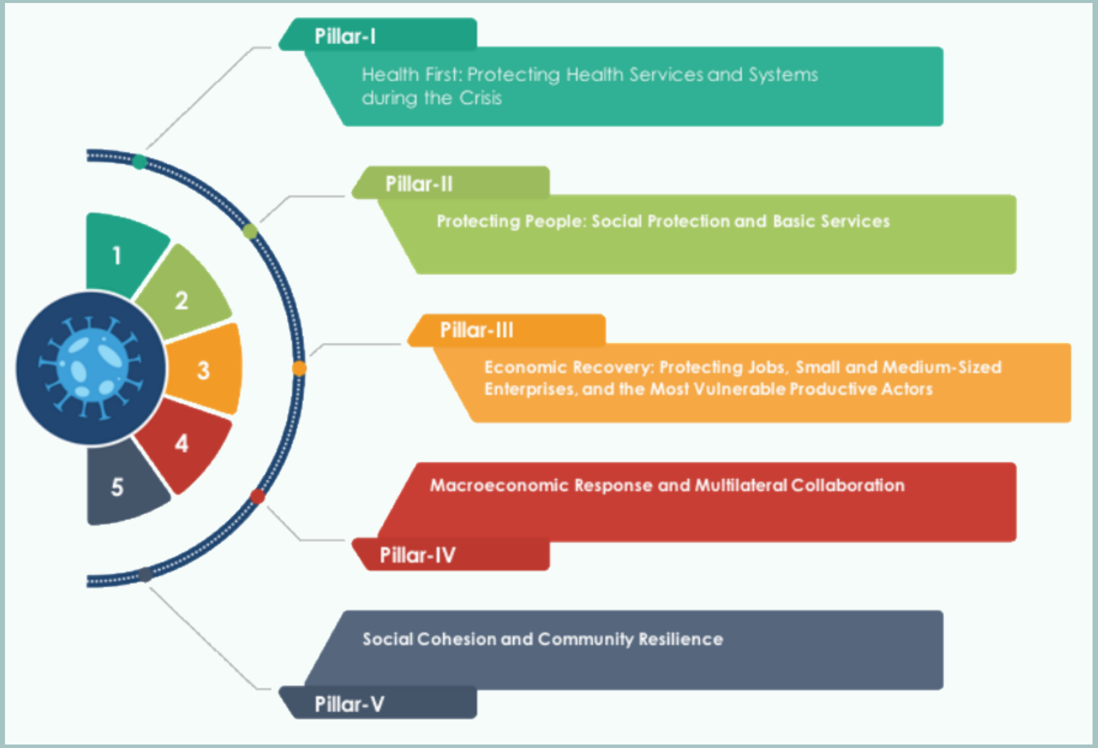
Increased spending on crisis response, including emergency healthcare, social protection, and business support

National Command and Operation Center (NCOC).

Initially headed by Asad Omer and later Dr. Faisal Sultan

Data-driven decision-making: real-time implementation on critical decisions.

Early and micro-lockdowns.



# ECONOMIC SLOWDOWN - I

World Bank's GDP growth reduction prediction:

2.4 percent in 2020 -> 1.1 percent in 2021

Fiscal deficit: 10%.

All things considered, Pakistan fared better than most of the globe.

# ECONOMIC SLOWDOWN - II

World Bank's Pakistan Development report:

Poverty—measured at the lower middle-income class poverty line of $3.20 Purchasing Power Parity 2011 per day—declined from 37 percent in FY20 to 34 percent in FY21

Post-pandemic environ mired by geopolitics, local politics, and shortsighted economic decisions.

## Latest World Economic Outlook Growth Projections

| (real GDP, annual percent change) | 2019 | PROJECTIONS 2020 | PROJECTIONS 2021 |
|---|---|---|---|
| **World Output** | **2.9** | **-4.9** | **5.4** |
| **Advanced Economies** | **1.7** | **-8.0** | **4.8** |
| United States | 2.3 | -8.0 | 4.5 |
| Euro Area | 1.3 | -10.2 | 6.0 |
| Germany | 0.6 | -7.8 | 5.4 |
| France | 1.5 | -12.5 | 7.3 |
| Italy | 0.3 | -12.8 | 6.3 |
| Spain | 2.0 | -12.8 | 6.3 |
| Japan | 0.7 | -5.8 | 2.4 |
| United Kingdom | 1.4 | -10.2 | 6.3 |
| Canada | 1.7 | -8.4 | 4.9 |
| Other Advanced Economies | 1.7 | -4.8 | 4.2 |
| **Emerging Markets and Developing Economies** | **3.7** | **-3.0** | **5.9** |
| Emerging and Developing Asia | 5.5 | -0.8 | 7.4 |
| China | 6.1 | 1.0 | 8.2 |
| India | 4.2 | -4.5 | 6.0 |
| ASEAN-5 | 4.9 | -2.0 | 6.2 |
| Emerging and Developing Europe | 2.1 | -5.8 | 4.3 |
| Russia | 1.3 | -6.6 | 4.1 |
| Latin America and the Caribbean | 0.1 | -9.4 | 3.7 |
| Brazil | 1.1 | -9.1 | 3.6 |
| Mexico | -0.3 | -10.5 | 3.3 |
| Middle East and Central Asia | 1.0 | -4.7 | 3.3 |
| Saudi Arabia | 0.3 | -6.8 | 3.1 |
| Sub-Saharan Africa | 3.1 | -3.2 | 3.4 |
| Nigeria | 2.2 | -5.4 | 2.6 |
| South Africa | 0.2 | -8.0 | 3.5 |
| Low-Income Developing Countries | 5.2 | -1.0 | 5.2 |

Source: IMF, *World Economic Outlook Update*, June 2020

Note: For India, data and forecasts are presented on a fiscal year basis, with FY2020/2021 starting in April 2020. India's growth is -4.9 percent in 2020 based on the calendar year.

**INTERNATIONAL MONETARY FUND** IMF.org

# KEY FACTORS: GLOBAL RECESSION

Global growth slump: 5.7% (2021) -> 2.9% (2022)

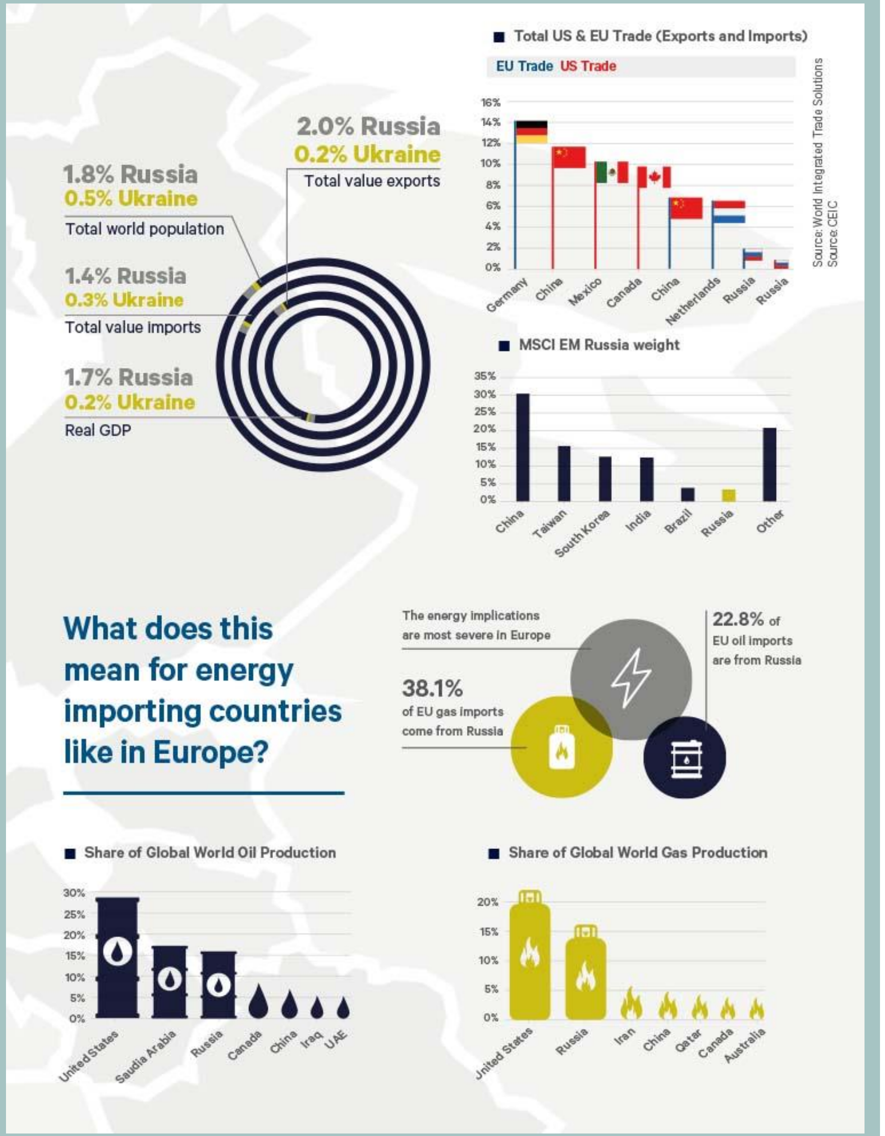
Same projection for 2023-24 (Ukraine factor)

Disruptions in activity, investment, and trade in the near term.

Despite global economy expansion in 2021 IMF has downgraded its forecast for 2022 and 2023

Pakistan at very high risk

Less revenue = difficult debt servicing, services disruption, poverty increase



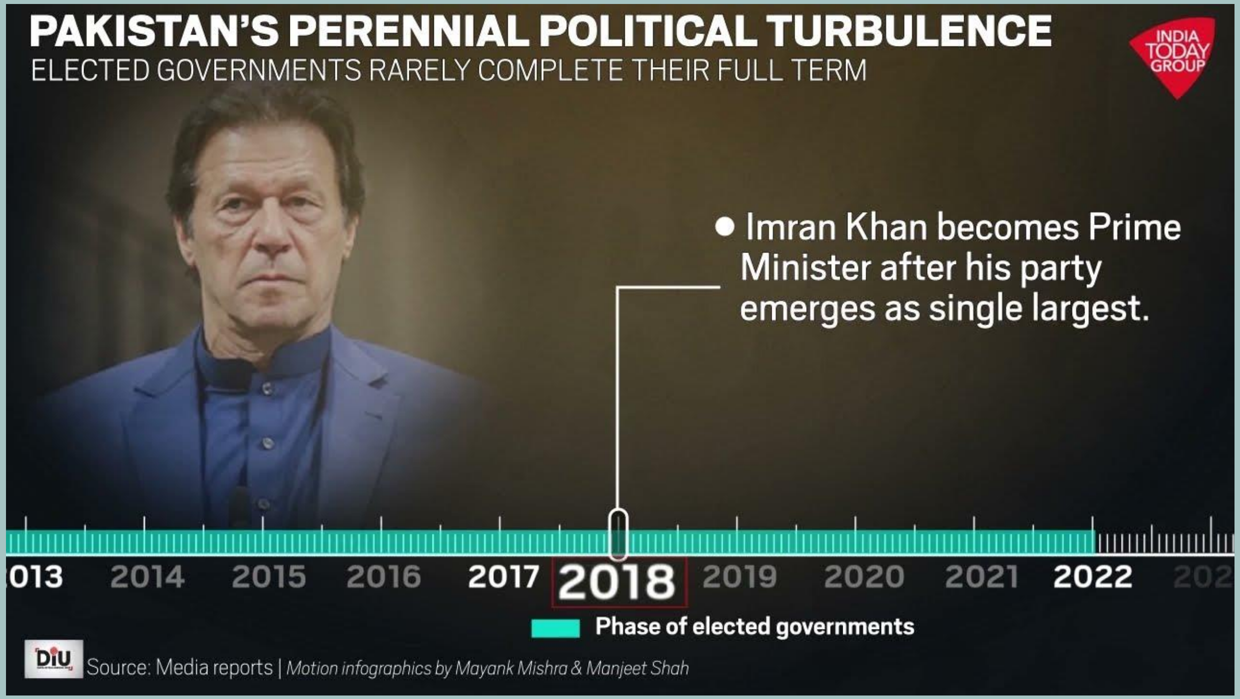
# KEY FACTORS: LOCAL POLITICAL CONTEXT

Pakistani politics: social unrest, national polarization, market confidence

Sovereign default risk

Out with the old, in with the new

Political acrimony, reconciliation, actors, and spoilers



# KEY FACTORS: GLOBAL OIL PRICES

Energy circular debt (ECD): Rs 2.6 trillion

How this came about?

The economic suicide of February 2022

IMF forced decision-making

Unhappy masses and civil unrest

The picture can't be displayed.

# KEY FACTORS: GEOPOLITICS AND GEOECONOMICS

Geopolitics -> geoeconomics: economic interdependence and

Pakistan:

- Global War on Terror
- facilitate US counterterrorism efforts
- battling homeland insurgents and terror groups
- key China ally
- BRI and CPEC
- PM in Russia -> Ukraine

Introspection and attempted course-correction -> local politics

# WHAT NEEDS TO HAPPEN?

A rules-based regional union

Transnational infrastructure capitalized, and further developed

We also need a stronger, more cohesive narrative on geoeconomics

Scaling up of digital infrastructure

Leverage market interdependence

Connect economists, businesspersons, security analysts: find sweet spot

Export-based industries, no rent-seeking, economic viability

# TABADLAB'S INITIATIVES

ARC Dialogue

stanXstan

Afghan Solutions Summit