

Post pandemic and Post Floods Rural Sindh Economy¹

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The Dynamics of the 21st century is clearly pointing out that despite the impulses of De globalization , protectionism and nationalism in the advanced countries the nations of the world are becoming increasingly dependent on each other. The three clear manifestation of the growing trends exhibited in the recent years are (1) Covid-19 pandemic (2) Global warming and climate change (3) consequences of financial integration.

The main purpose of this paper is to convey the message loud and clear that even a small part of the world economy such as rural Sindh cannot escape the wrath of the pandemics , global warming and other global public goods. Therefore we have to take into account the Global Megatrends in addition to scanning the National economic landscape and the provincial response capacity to assess the course of action to be adopted in the future.

While Pakistan was fortunate in tackling the Covid-19 pandemic by minimizing the losses and providing cash assistance to over half of the population the worldwide effects were not favorable. Lockdowns in China and other countries resulted in supply bottlenecks and increase in price of commodities and shipping costs escalating the balance of payments problem of Pakistan .Higher values of imported goods and services also translated into higher domestic inflation hurting the poor and fixed income groups. Elevated global food and energy prices as well as trade restrictions imposed in response have contributed to food insecurity .A slowdown in the global economy has reduced the momentum in export growth , falling and stagnating remittances through official channels .Heightened uncertainty in the global markets caused by Monetary tightening in advanced economies have shifted investor sentiment and increased net capital outflows from developing countries.

In Pakistan , the economy in post COVID period grew at 6 percent per annum for two years consecutively. In the first year the balance of payments situation

¹ Key note address delivered at the International Conference on Business, Economics and Education Management held at Sukkur IBA University on October 22, 2022

remained under control but the upsurge in aggregate demand arising from higher growth, fiscal and monetary stimulus spilled over in the second year into increased imports. Escalation in global energy prices and depreciating exchange rate created huge deficits both on fiscal as well as current accounts. Foreign exchange reserves of SBP were depleted and Public Debt/GDP ratio climbed up to 80 percent. The suspense about the resumption of the IMF program, the contagion effect of Sri Lanka, the Russian-Ukraine war, the political instability after the vote of no confidence in April 2022, the change in the economic team leadership after six months and the rise in Fed Reserve rates further added to the problems facing the economy.

. We must recognize that Global warming is no longer an event for the future. It has already taken firm roots in the form of droughts, glacial melting, floods, torrential rains, heat waves and rising sea levels. The changing weather patterns will significantly affect the spatial and temporal distribution and availability of water in the coming decades. The evidence from other parts of the world- unprecedented rains and heat waves in Australia, recent rainfall in Brazil, severe droughts in Brazil, Africa, record temperatures in Europe, heatwave in China can be attributed to the climate change and climate variability. The accelerated melting of glaciers, overloading rivers is likely to affect food, water and energy security and pose a grave threat to the living standards to which we have become accustomed. South Asian Countries are among the most vulnerable. Rising sea levels will displace millions of people in Maldives and Bangladesh. At least one-third of Himalayan Glaciers would melt by the end of the century. We in Pakistan would be confronted with the problems of food, insecurity, water, shortage, and energy deficit.

On the top of the above adverse global and national developments in post pandemic world, Sindh and Balochistan got severely hit by extraordinary torrential rains during a short interval of time. During this short interval the average rainfall received was 1100 mm --five times the normal. According to the Sindh Chief Minister, floodings from Balochistan amounted to 120 MAF of flood water equivalent to the capacity of multiple Tarbela Dams. The dysfunctional or non-existent drainage system contributed to the miseries of the people as large swathes of land on both left and right bank areas are still facing inundation. The upcoming cultivation of wheat

sowing seems difficult in these areas. .The floods have devastated and displaced above 33 million of population, submerged their homes, destroyed their livestock and cultivated crops, damaged infrastructure and irrigation network, killed more than 1100 people, and caused a loss of \$30 billion or 10% of GDP. This provides ample testimony that global warming has already begun to make its pernicious impact.

The losses are not confined to human lives or immediate income but also to the assets that produced sources of livelihood for the rural population. Cattle livestock along with houses have been destroyed , infrastructure through which produce is marketed has been severely damaged, seeds for next crops have been washed away. These losses were relatively more widespread in the right Bank districts . One of the main reasons was that the national waterways have been encroached, the capacity of drainage system such as LBOD was limited and outlets to traditional drains leading to the sea were not functional, desilting of canals had not taken place and repair and maintenance of bund embankments were neglected .

A latest satellite based assessment conducted by researchers at the International Centre for the Integrated Mountain Division (ICIMOD) forecasted that flood waters would likely reduce Sindh's cotton crop by 88%, rice 80%, sugarcane by 61%. Two million bales of cotton have been destroyed in Sindh province , losses of 3 billion dollars on the cotton value chain. The aftermaths of the recent flash floods and torrential rains have damaged minor and major crops standing over million acres besides inflicting huge losses to the livestock. Infectious diseases are spreading and food shortage are looming amidst vast swathes of farmland remaining water logged.

49% of those affected by the floods were women who are involved in farming .tending livestock , harvesting crops and collecting fuel wood. When destructive events occur women's employment and earning are highly impacted as they do not receive enough assistance to find alternate means of livelihoods . Inflation in rural areas that has already increased from 4.8% in January 2022 to 38% in July is going to hit the women as their subsistence foodstuffs have been destroyed and they have to buy the food from the market.

Pakistan would have a population of 350 million people by 2050 who have to be fed, clothed, sheltered and gainfully employed in an environment where production of

staple food, crops, generation of electricity and availability of water are likely to be declining. Increased population 's overall food demand would expand by 50%. This implies that 56% additional crop calories have to be grown compared to what was being produced in 2010. The challenge is how to meet the future land and water requirements without deforestation and bringing more area under reforestation while adapting and mitigating the climate risks , providing the livelihood and reducing poverty. Water availability is likely to recede to extremely stressful levels while the demand for meat, milk and poultry would rise by 50% because of rising income and increase in population. Urbanization is already pushing people out of agriculture and land is being used for housing, commercial and industrial purpose.

This toxic combination of pandemic, floods, global economic slowdown, and weak national economy have had a disproportionately large impact on the rural economy of SINDH. Even before these extraordinary events, we would recall that the rural economy of Sindh was fragile and stagnant. These external shocks have precipitated a disastrous situation, which requires some rethinking on the part of the federal and provincial government, local communities , donor agencies to avert the recurrence of this kind of situation in the future. . Let me remind you what the rural economy of Sindh looked like before the Covid and floods .

Forty eight percent of Sindh's citizens live in rural areas and around 38 percent of them derive their livelihoods from agriculture, livestock, Forestry and fishing. The organized manufacturing sector and services have little presence in the rural areas and much of what exists primarily caters to the needs of the rural population.

Per capita income in the rural areas is one half that of the Urban population and income growth has stagnated during the last two decades at a rate of less than 1% annually compared to the national average of 2.5 percent. Rural Sindh experienced negative growth while urban Sindh enjoyed positive growth. The poorest in the rural Sindh experienced the worst growth rate of any category in that period losing almost 1% of income.

The incidence of poverty in Sindh is far higher than that in urban Sindh and the rest of Pakistan. The social gap between the urban males and rural females is wide . Almost half of the population is not a part of the labour force with 72 percent of females being outside the workforce , Hence the Labour force Participation Rate on

an aggregate basis for Sindh is only 43 percent. Inter personal income, Gender and rural urban ,right Bank-- left Bank areas inequalities have increased over time. The level of human development in rural Sindh is worse than many countries in Sub Saharan Africa with 38% literacy rate 58%, Gross Enrolment Ration GER at the primary level and 62% of babies fully immunized . In contrast the figures for urban area against the same indicators are 72% ; 99% and 86% respectively. Agriculture sector which is the main driver of the rural economy has not performed well because of inequitable land distribution and poor resource management particularly that of water coupled with absence of new varieties. Both inequality in access to land and water uses have exacerbated the differentials in incomes at the top and bottom quintiles. Sindh has the highest incidence of absolute landlessness, highest share of tenancy and the lowest share of land ownership in the country.

The wealthy landlords in Sindh, before 1959, with holdings in excess of 100 acres accounted for 7% of all farmers in the province but owned 45 % of total farmed land. Their farm holdings were twelve times more than those of the small farmers with land holdings of less than 5 acres. Although the farm area owned by the top decile has declined due to division among the second and third generations but the control of the patriarchs remains overwhelming as the younger owners are not interested in living in the rural areas

Social indicators have either stagnated or have not improved. Inequity in the social indicators is unacceptably high. The inequity runs across three dimensions gender (male versus female) Geography (urban or rural) and (income top 10 percent versus bottom 50%).

For every 100 boys being immunized in urban Sindh only 70 girls get immunized in rural areas for every 100 boys enrolling in primary school in Sindh only 86 girls do so in the province . The disparity widens as one moves to higher education and finally to participation in the job market. Evidence demonstrates that governance deficit which has translated into a Service Delivery deficit in the province .Private Mafia s openly operate for supplying water, plots of land, cheating at examinations etc. while private security companies, private educational industries and health facilities have proliferated throughout the province. These non-state providers of services motivated by windfall profits are the prime movers behind the social gaps in Sindh.

Finally, what needs to be done? What needs to be done? One of the main reasons for the flooding due to torrential rains this time around rather than the river levels rising was that the national waterways have been encroached, the capacity of drainage system such as LBOD was limited and outlets to traditional drains leading to the sea were not functional, desilting of canals had not taken place and repair and maintenance of bund embankments were neglected.. A World Bank-SIDA study of 2013 had identified projects to be executed for an Integrated Drainage system. The works worth Rs 42 billion have been delayed for last eight years and should be allocated the requisite resources and expeditiously executed. Dewatering and Drainage works have to be given priority and all man made encroachments and obstructions from the natural pathways of water have to be immediately removed ,irrespective of the fact however powerful the beneficiaries of these encroachments may be.. All these works and projects should be monitored by third parties to ensure that corruption, leakages and waste are minimized.

Second, it is time we rethink and implement measures that increase the efficiency and promote conservation of our water resources. Being a lower riparian province , Sindh's water problem appears acute and the shortages hit the small farmers most severely as they are deprived of timely and adequate availability of water for their crops . . Overflooding of their lands by the influential and politically well-connected landlords in collusion with the officials of the irrigation department at the head by tampering water modules and direct pumping from the canals have become a common feature of the water conveyance and distribution system of Sindh. The poor farmers at tail end are the main sufferers due to this diversion. As a consequence , productivity differential between the large farmers and small farmers have widened mainly because of this inequitable distribution of irrigation water. In addition, Widespread contamination , sea water intrusion below Kotri Barrage, increasing quantities of pesticides and fertilizers used in agriculture, industrial run off from rapidly growing cities and industries and inadequate sewage treatment have degraded the quality of water . Previous attempts to train and confine the course of river flow by embankment have raised the river bed higher than the land. Many lower parts of Sindh the river bed is higher than the land . As a result the likelihood of embankment breaches has increased as have problems of drainage from floodlands. Water intensive crops such as Rice and Sugarcane have to be substituted by high value crops as the yield per drop of water rather the yield per

acre of land ought to be the determining factor for efficient use and conservation of water,. The present system of uniform pricing under abiana has to be replaced by volumetric use. Judicious water resources management is the key for Sindh's agriculture economy in the future.

Related to the above point is the need for revamping the institutional arrangements for maintenance and operation of Irrigation Infrastructure. The Chief Justice Sindh High court Mr. Ahmed Ali Shaikh has recently observed that the infrastructure of Sindh had been destroyed in part by bad governance. The dual control and fragmentation of responsibilities of Irrigation system split between the Irrigation Department and SIDA have not proved effective. SIDA managed Sukkur Barrage's Nara and Ghotki feeder canals command but their drainage was looked after by the Irrigation Department. SIDA does not intervene in the Right bank areas. An Integrated water Resource Management system that takes into account the surface water conveyance , ground water recharge and usage , drainage, flood protection works, barrages , drinking water, industrial water requirements and water conservation should be established. Rain harvesting reservoirs to recharge ground water and dilute the saline water can prevent urban flooding , supply drinking water and take care of drought like conditions. Cultivated area in Tharparkar Division can be increased by building reservoirs , ponds, wells, streams and other techniques of water storage. This integrated system can only function if an autonomous body run by professionals with minimum interference by the Government departments is entrusted this task. Water user charges should be assessed on volumetric use basis just as being done in case of electricity and gas charges , recovered by the Authority and fully appropriated by it for operation, maintenance and development of Irrigation system. The Authority should have legal powers to revise the charges and recover arrears as land revenue with penalties. It can act as a wholesaler that enters into contractual agreements with urban water supply agencies and bulk purchasers for drinking water and industrial uses. This would require induction of finance and commercial experts in the management team of the Authority rather than being a purely engineering driven organization as it is at present.

Third, The social indicators such as literacy, enrolment ratios, school drop out rates, vocational and technical skills training, immunization, raising nutritional standards to curb stunting and wasting , maternal and child care services, family planning and spacing, have to be improved particularly for the rural female population. Lady

health workers had played an important role in creating awareness and preventive health. These should be strengthened , trained and given incentive linked remuneration based on results and outcomes. Non formal schooling for school drop outs using the existing facilities and buildings particularly for girls should be provided adequate resources. Micro loans should be given to the female headed businesses for them to expand and invest in their enterprises. Cash assistance to female households under BISP should be granted at higher level than at present to the poor families affected by the floods 38 million people in Pakistan were facing moderate to severe food insecurity before the floods. 18 percent of children were malnourished. These numbers must have risen in the aftermath of the floods. Food distribution to these affected groups can be targeted by using the National Socio Economic Registry of Benazir Income Support program.

Fourth most surveys, public opinion polls and media reports point to widespread corruption and land rage and misuse of public funds and indifferent attitude of the service providers as the main reason for poor delivery of public services. The rehabilitation of flood affected families not only requires reallocation of funds from the traditional ADP projects towards restoration of infrastructure , replacement of seeds for the rabi crops , interest free loans for purchasing inputs ,rebuilding houses and new compact settlements.

Prioritizing drinking water for Household use, drainage and sanitation, link/access roads, district settlement places should be included in the revised ADP for this year. Land issues for resettlements and new residential development, safe areas and high risk areas, provision of land for settlement for landless would have to be sorted out. Building materials, Housing Standards, Climate refugees and migration to urban area, are some other issues that require attention by the policy makers.

Finally, powers and resources enjoyed at present by the Provincial and National Disaster Management Authorities should be devolved to the Districts under the direct control of the Local Administration. Apolitical, neutral and impartial administration has better chances of delivering to the targeted groups while ensuring equity, accountability and transparency. The NDMA and PDMA should develop guidelines, standards, processes, alert systems, mobilize resources from national and international agencies and monitor the performance of the DDMA's and arrange to conduct their audit . However, implementation must be left to the District

authorities as they are best equipped to assess the situation, plan actions, respond quickly, mobilize financial resources from the community, and execute the plans by coordinating diverse efforts by donors, private sector and NGOs and bringing together all Government agencies and dividing the different tasks among them in a collaborative manner. .