

Panel: Informal Sector during the COVID-19 Pandemic: Challenges and Opportunities

Lockdown due to COVID-19 brought businesses in Pakistan to a standstill. The most affected businesses included services like tourism, dine-in restaurants, hotels and general order traders. The Government of Pakistan came up with initiatives and a package of around USD 6.5 million to facilitate business losses due to the COVID-19 pandemic for micro, small, medium and large enterprises. However, the informal sector, which is estimated to be around 30-50% of the formal GDP; and provides employment opportunities to over 60% of the country's workforce was not part of any financial packages. All schemes announced by the government through the State Bank of Pakistan were aimed at formal businesses. There was a realisation that identification and targeting of informal units is difficult.

The informal sector is stretched from primary, secondary and tertiary sectors of the economy. This includes agriculture, livestock, fisheries, mining to small-scale product development, local food processing and services sector, including transportation and hospitality industry. With a recessive trend in the economy, directives of International Monetary Fund (IMF) under the extended fund facility, and government's own will to expand the tax base through formalisation of entities, it is important to discuss the various special challenges to the informal sector, especially taking into account the COVID-19 scenario.

This panel will specifically aim to:

- a. examine the special challenges pertaining to the informal economy in Pakistan in general, and during COVID-19 in particular;
- b. understand legislative, policy and administrative efforts that may be required in the coming year to address the challenges of the informal economy;
- c. explore what role provincial governments could play to support informal enterprise; and,
- d. understand how development partners can help the government improve the overall understanding around the informal economy in Pakistan.

The session will be guided by a presentation on available holistic evidence on the subject and will lead to Pakistan-specific evidence on its informal economy during the COVID-19 pandemic.

Panel Organisers

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