

FINANCIAL SUPPORT PROGRAMS AND HOUSEHOLD PRODUCTIVITY DURING COVID-19 IN RURAL SINDH PAKISTAN: A CONCEPTUAL REVIEW AND INTEGRATIVE FRAMEWORK

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Abstract

Families in the developing economies have remained to live with a number of constant problems, which have been associated with poverty, income instability and low productive capacity. To this end, governments and development agencies have come up with a number of financial support measures that are geared towards stabilizing the livelihoods and promoting household productivity. Although there is a lot of empirical evidence on such initiatives, the conceptual pathways in which financial support programs can be converted into sustainable household outcomes are still in bits. This paper is a literature review that will help to construct an integrative conceptual framework on how financial support programs enhance the productivity of households using a series of mechanisms that are reinforcing. Based on the previous literature, the paper frames the concept of household productivity as a multidimensional variable and includes physical assets, income stability, entrepreneurial activity, satisfaction of the needs of the basic level, and poverty alleviation. The paper makes a theoretical contribution by bringing together scattered knowledge into a consistent framework and a practical contribution by providing advice to the policymakers interested in creating effective and sustainable interventions of the financial support.

INTRODUCTION

The COVID-19 pandemic has brought about unprecedented disruptions to economies and livelihoods across the globe, fundamentally altering the trajectory of global development. This health crisis, which escalated into an economic and social emergency, exposed vulnerabilities in healthcare systems, labor markets, and social safety nets, reshaping the world's economic landscape. The following analysis delves into the multifaceted impact of COVID-19, highlighting its ramifications on

global economies, employment, trade, poverty, and inequality.

The pandemic led to a sharp contraction of the global economy in 2020, marking the most severe downturn since the Great Depression. The International Monetary Fund (IMF) reported a 3.5% decline in global GDP, with advanced economies shrinking by 4.9% and emerging markets and developing economies contracting by 2.4% (IMF, 2021). The implementation of lockdowns and travel restrictions disrupted economic activities, leading to a significant

decline in consumer spending and business investment.

Industries such as tourism, aviation, and hospitality were among the hardest hit, with international tourist arrivals plummeting by 74% in 2020 compared to the previous year (UNWTO, 2021). Manufacturing and retail sectors also faced substantial losses due to supply chain disruptions and reduced consumer demand. Conversely, sectors such as e-commerce and digital services experienced growth as businesses and consumers adapted to remote operations.

The pandemic caused widespread job losses, with the International Labour Organization (ILO) estimating that 8.8% of global working hours were lost in 2020, equivalent to 255 million full-time jobs (ILO, 2021). The labor market disruptions disproportionately affected vulnerable workers, including those in informal employment, women, and youth. Informal workers, who constitute a significant portion of the workforce in developing countries, faced income losses without access to social protection systems.

Women were particularly affected due to their overrepresentation in sectors like healthcare, retail, and hospitality, as well as their increased burden of unpaid care work. The closure of schools and childcare facilities further exacerbated gender inequalities, forcing many women to leave the workforce. Youth employment also suffered, with young workers experiencing higher rates of unemployment and reduced opportunities for skill development (ILO, 2021).

COVID-19 disrupted global trade and supply chains, leading to a significant decline in international trade volumes. According to the World Trade Organization (WTO), global merchandise trade fell by 5.3% in 2020, driven by reduced demand and logistical challenges (WTO, 2021). The pandemic exposed vulnerabilities in just-in-time supply chains and highlighted the need for diversification and resilience in trade networks.

Export-oriented economies, particularly those reliant on commodities and manufacturing, faced

substantial losses. The decline in oil prices during the early months of the pandemic further strained resource-dependent economies. However, the crisis also accelerated the adoption of digital trade and e-commerce, providing opportunities for businesses to reach global markets despite physical restrictions.

The pandemic reversed decades of progress in poverty reduction, pushing millions of people into extreme poverty. The World Bank estimated that COVID-19 increased the number of people living in extreme poverty by 88 to 115 million in 2020, with the total rising to over 730 million globally (World Bank, 2021). The economic shock disproportionately affected low-income households, who were more likely to work in informal sectors and lacked access to savings or social protection.

Inequality also widened as the crisis disproportionately impacted marginalized groups, including ethnic minorities, migrants, and people with disabilities. Wealthier individuals and nations had better access to healthcare, vaccines, and financial resources, while poorer communities faced barriers to recovery. The digital divide further exacerbated inequalities, as remote work and education became inaccessible to those without reliable internet or digital devices.

The pandemic had profound social impacts, including increased food insecurity, reduced access to education, and heightened mental health challenges. School closures affected over 1.6 billion students worldwide, with children in low-income and rural areas facing the greatest barriers to online learning (UNESCO, 2021). This educational disruption is expected to have long-term consequences on human capital development and economic mobility.

Healthcare systems were overwhelmed by the surge in COVID-19 cases, diverting resources from other essential health services. This disruption led to reduced access to maternal and child healthcare, vaccinations, and treatment for chronic diseases. Mental health challenges also escalated, with rising cases of anxiety, depression, and stress due to isolation, uncertainty, and economic hardships (WHO, 2021).

Governments and international organizations implemented various fiscal and monetary policies to mitigate the economic impact of the pandemic. Stimulus packages, cash transfers, and unemployment benefits were introduced to support households and businesses. Central banks lowered interest rates and implemented quantitative easing to stabilize financial markets. The crisis highlighted the importance of robust social protection systems, universal healthcare, and international cooperation. It underscored the need for investment in digital infrastructure, sustainable development, and climate resilience to build more inclusive and resilient economies. The pandemic also emphasized the critical role of global health equity, as unequal vaccine distribution threatened to prolong the crisis and its economic consequences.

The global impact of COVID-19 on economies and livelihoods has been profound and multifaceted, reshaping the world in unprecedented ways. While the pandemic exposed vulnerabilities in existing systems, it also presented opportunities to build back better by addressing structural inequalities and investing in sustainable development. As the world navigates the recovery process, the lessons learned from this crisis will be crucial in fostering resilience and ensuring a more equitable and inclusive future.

1. Financial Support Program and Productivity of the Household during the COVID-19 Pandemic

The COVID-19 pandemic, which started in late 2019 and expanded to the rest of the world in 2020, is one of the most comprehensive global crisis in a long time. It didn't only have an impact on public health, but also had economic few actors, increased unemployment, and hampered the standard of living, especially in developing nations such as Pakistan (World Health Organization, 2020). The pandemic resulted in blanket quarantines, disruptions in commerce, and a decrease in economic activities which had greater effects on the vulnerable populations such as those living in rural regions (International Labour Organization [ILO], 2020). In Pakistan,

the economic consequences of the pandemic were markedly profound as people were laid off, business were closed, and families could not afford their necessities (Pakistan Bureau of Statistics [PBS], 2020). This crisis called for the implementation of efficiently designed financial support programs to alleviate the economic consequences and to improve household productivity especially in the neglected areas like rural Sindh.

Rural Sindh, which includes districts such as Tharparkar and Mirpurkhas, is one of the poorest regions in Pakistan. These areas are severely affected by poverty, have little access to essential services, and primarily practice subsistence farming. Because of these factors, they were particularly susceptible to the economic shocks inflicted by the pandemic (Hussain & Thapa, 2021; Parthasarathy & Kundapura, 2022). The lockdown measures hindered agricultural production, limited employment options, and worsened hunger and nutritional problems, leaving numerous families in critical conditions (Nosheen et al., 2021; Dev, 2020; Ali & Khan, 2020). In this setting, social support schemes became an invaluable resource, as they were able to provide vulnerable groups with cash payments, assets, and different types of aid to assist households during the crisis and aid in recovery efforts.

In an attempt to address the economical impacts brought about by the Pandemic, the Government of Pakistan instituted a handful of financial aid programs alongside other international and domestic NGOs. Some of the more notable programs included the PM Ehsas Program, the National Poverty Graduation Programme (NPGP), and the Zakat Program. These were designed to alleviate the consequences of the catastrophe on the households, as well as mitigate poverty and increase economic productivity by focusing on the multi-dimensional aspects of household welfare, which include income, assets, and provision of basic necessities (Government of Pakistan, 2020). Still, how effective these programs, especially in the rural Sindh region, were to the intended objectives is a topic that is still contested, and further research is warranted.

Launched in 2019, the PM Ehsas program is one of the largest social safety net initiatives in Pakistan. It comprises of cash transfers, interest-free loans, and nutritional aid that target the lower classes of the society. (Ehsaas Program, 2020) In light of the COVID-19 Pandemic, the initiative was expanded to provide emergency cash assistance to millions of families affected by the crisis. The NPGP (National Poverty Graduation Programme), which is executed by the Pakistan Poverty Alleviation Fund (PPAF) with the help of foreign sponsors, seeks to mitigate deep rooted poverty using asset grants, vocational training, and micro finance (PPAF, 2020). The Zakat Program, which has its roots in Islamic social welfare, assists the poorest of the poor including the widows, orphans, and persons with disabilities. (Ministry of Poverty Alleviation and Social Safety, 2020). These programs focus on poverty alleviation and growth enable them to be analyzed comparatively.

The purpose of this study is to assess the impact of the financial aid support programs directed towards the households in Tharparkar and Mirpurkas districts of rural Sindh, Pakistan during the COVID-19 pandemic.

Household productivity refers to a range of measures such as physical capitals, income, new businesses, meeting the basic needs of household members, and alleviating poverty (Khan & Ahmed, 2021). My objective in this paper is to understand what household productivity level is achieved during a pandemic and what programs of the government against pandemics have the most significant benefits in terms of productivity, by analyzing impacts of PM Ehsas Program, NPGP, and Zakat Program.

Indeed, the focus and significance of this work is how these findings can be effectively utilized to inform policy design and decisions within the context of Pakistan or any other country that has similar socio-economic difficulties. The COVID-19 pandemic and its aftermath has taught us the necessity of social financial assistance programs to help recover from a recession and keep a country economically sustained (Gentilini et al., 2020). Yet as we adapt, we must also remember that the success of most such schemes rely on how well

they intend, and actually fix, the outcome gaps within the communities. The intent of this study is to shed light through empirical data on the efficiency of the PM Ehsas Program, NPGP, and Zakat Program in rural Sindh, and ultimately contribute to the literature on social protection and poverty alleviation during crisis situations.

This Study also attempts to fill a gap in the literature. While several studies have been conducted regarding the role of financial aid programs in poverty alleviation and general economic wellbeing, most of them do not look into how these programs enhance household productivity during crises such as the COVID 19 pandemic (Hussain et al, 2021; Parthasarathy & Kundapura, 2022). Moreover, very little work has been done on the effectiveness of different kinds of financial aid support, especially in rural areas of Sindh. This work tries to fill these voids by analyzing PM Ehsas Program, NPGP, and Zakat Program with particular focus on household productivity as one of the main outcome indicators.

To summarize, the COVID-19 pandemic highlighted how vital financial support programs are for regions that are economically vulnerable, such as Rural Sindh, in maximizing household productivity and mitigating economic shocks. The incorporation of PM Ehsas Program, NPGP, Zakat Program gives variety to the approaches used for productivity and poverty alleviation in the region which makes them suitable for analysis comparison. This work intends to explore the effectiveness of these programs for heightened household productivity during the pandemic by using a holistic view which include, physical assets, income, new ventures, and basic needs and poverty alleviation.

This research makes a valuable addition to existing literature on the efficiency of social protection programs and poverty alleviation mechanisms by supplying quantitative data of its effectiveness, which is critical for policymakers and development practitioners.

Financial aid programs have always been fundamental to the fight against poverty and the economic development in Pakistan. They provide immediate relief to the vulnerable sections of

society, increase household's economic productivity, and create opportunities for escaping the poverty trap. The COVID-19 pandemic highlighted the importance of such programs as millions of households struggled to make ends meet due to the lockdowns, loss of jobs, and other economic activities being curtailed (World Bank, 2020). In this regard, financial support programs were much more needed. In this section, we focus on three key programs that have received prominence and attention in this study-the PM Ehsas Program, the National Poverty Graduation Program (NPGP), and the Zakat Program. The discussion will focus on the objectives, components, target population, and implementation of selected programs for the period of pandemic.

2. Conceptual Framework Development

According to the literature reviewed, the conceptualization of the study regards the household productivity as a combination of 5 interrelated dimensions, including physical assets, income stability, new enterprise creation, basic needs satisfaction, and poverty reduction. Financial support programs are viewed as the main facilitative mechanism that drives and maintains the improvement on these dimensions. To begin with, financial aid improves the physical assets of households as it allows them to invest in houses, animals, farm input and productive machinery. Building of assets enhances productive power and minimizes vulnerability in the long run. Second, financing helps in maintaining income stability by stabilizing consumption as well as making the process of income diversification easier. Normal streams of income enable households to spend and undertake productive activities at a reduced risk. Third, financial resource availability stimulates establishment of new enterprises by supporting capital limitation of potential entrepreneurs. Small businesses also lead to the generation of income and creation of jobs at the household level. Fourth, funding enhances satisfaction of the essential fundamental needs, such as food security, education, healthcare and shelter. Satisfaction of these needs increases productivity

of labor and human capital. Lastly, the multiplier effect of asset accumulation, income stability, and better living conditions brings about poverty alleviation, which is an effect as well as a reinforcing factor of household productivity.

The proposed framework shows the dynamics of interactions between these dimensions which establishes cumulative impacts that would result in a sustainable livelihood.

This research is based on Sustainable Livelihoods Framework (SLF) that explain the functions of financial support programs in alleviating poverty and enhancing productivity. They help to understand how programs such as PM Ehsas Program, The National Poverty Graduation Programme (NPGP), and Zakat Program would have affected household productivity during a crisis such as the COVID 19 Pandemic.

3.1 Sustainable Livelihoods Framework (SLF)

The Sustainable Livelihoods Framework (SLF) by the DFID (1999) is used to assess UK aid to developing nations and ascertain the aspects that affect household welfare and productivity. To support these livelihoods, the SLF categorizes five functional levels of capital: human, social, natural, physical, and financial.

Support programs reaching out to households, especially in the wake of the pandemic, can result in enhanced productivity by enabling households to pursue sustainable strategies to improve their economic condition while ensuring balanced and supportive capital assets are in place to use at their disposal (Osabohien, 2024; Rein and Rainwatter, 2024; Huaming et al., 2024).

With regard to this, the focus of the NPGP on asset transfers and microfinance is in accordance with the SLF as it enables households to gain both financial and physical capital required for productive ventures (PPAF, 2020). In the same way, the PM Ehsas Program's nutrition and healthcare support serves as a means to develop human capital while the cash transfer serves as investment in human capital for income-generating activities (Ehsas Program, 2020). As a whole, these programs aim to address various forms of livelihood capital making them more productive and resilient in a synergetic manner.

The SLF equally makes note of the importance of policies and institutions within the vicinity in targeting achievement of households' livelihood objectives (DFID, 1999). In rural Sindh, market access, availability of infrastructure, and social capital are very important in determining the effectiveness of financial support programs. For example, households receiving asset transfers or microloans will find it very difficult to achieve productivity increase if they do not have access to markets or suffer from inadequate transportation infrastructure. This shows the necessity of synergetic mechanisms that merge funding with investment in infrastructure and marketing.

The integration of Human Capital Theory, Social Protection Theory, and the Sustainable Livelihoods Framework provides a

comprehensive theoretical foundation for understanding the role of financial support programs in enhancing household productivity. These theories highlight the importance of addressing multiple dimensions of household well-being, including human capital development, social protection, and livelihood capital, to achieve sustainable productivity gains. By applying these theoretical perspectives to the analysis of the PM Ehsas Program, NPGP, and Zakat Program, this research aims to provide a nuanced understanding of their effectiveness in improving household productivity during the COVID-19 pandemic.

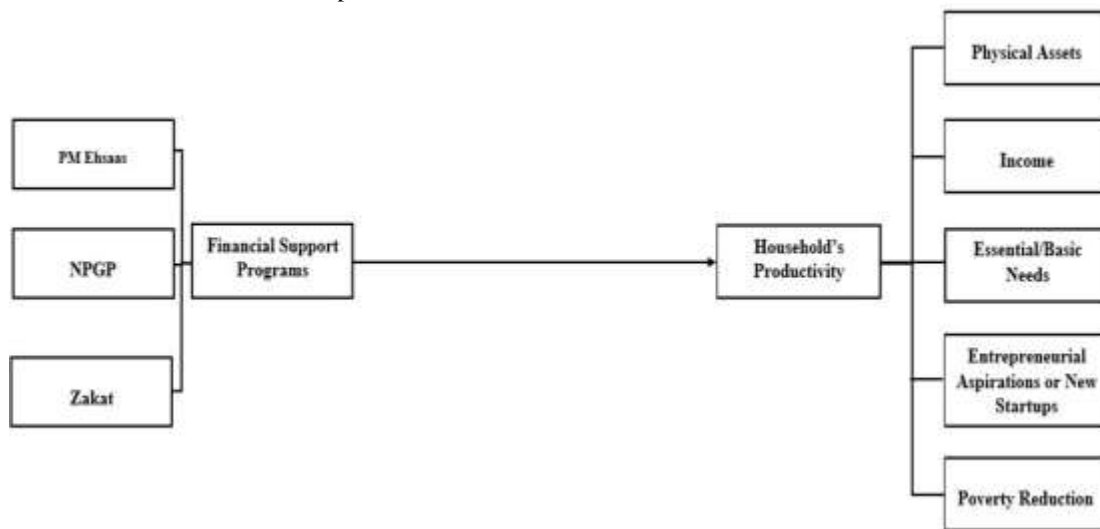


Figure 1: Conceptual Framework

This framework analyzes the effects of Financial Support Programs on Household Productivity within the context of various initiatives taken concerning financial assistance in Pakistan. In this study, Financial Support Programs correspond to the principal independent variable of Social Support Programs, which intend to raise the living standards of the economically poor families. Among these programs are PM Ehsaas, the National Poverty Graduation Program (NPGP) Zakat, all of which seek to eliminate poverty by providing funds, improving the

economy, and achieving economic independence among the people.

Household productivity stems from the variable's dependence, explaining the impact of financial aid on economic self-sufficiency and wellbeing at the household level. It is measured by five primary sub-variables: assets, income, basic needs, entrepreneurial activities, and poverty alleviation. The term assets include property, livestock, and tools which enable a family to attain reasonable economic security through long-range acquisitions. Income denotes the positive cash flow from program expenditures directed toward

a family's economic upliftment. Basic needs capture the minimum essential requisites for a sustainable quality of life including food, shelter, health care, and education. Entrepreneurial activities capture the self-employment opportunities created through volatile financial support. Finally, poverty alleviation examines the extent to which financial support enhances the standard and quality of life of needy households. This relationship is theorized based on the Human Capital Theory, Social Protection Theory, and the SLF - Sustainable Livelihoods Framework. The Human Capital Theory explains the correlation between Financial Support Programs with Income, Entrepreneurship, and Physical Assets as investment in human resources increases the income earning potential as well as the value of the assets held. Social Protection Theory explains the correlation between Financial Support Programs with Basic Needs by stressing that social assistance is indispensable for protecting at-risk groups from economic distress and shocks. Lastly, the Sustainable Livelihoods Framework (SLF) explains the correlation between Financial Support Programs and poverty reduction. It illustrates how financial resources enable households to construct sustainable means of living, therefore decreasing poverty in the future.

This conceptual framework lends itself to the systematic understanding of the manner in which financial support mechanisms have the potential to enhance household productivity, along with having robust theoretical evidence that explain the relationships.

3. Discussion

The literature reviewed reveals that financial support programs are effective based on how they are designed, their topicality, and the support of the institution. Those programs that will combine economic aid with other supplementary measures, e.g. skills training, market access, community development programs, are more likely to produce more powerful and sustained productivity results. Conversely, the short-term or ill-conceived interventions can produce only limited or short-term benefits.

Moreover, Social context like economic conditions of the region, family composition and political systems also have an impact on the effectiveness of the program. The adaptive monitoring and evaluation systems should be put in place to make sure that financial support programs are sensitive to household needs and changing socio-economic environment. The literature also focuses on the significance of beneficiary involvement and local ownership in the improvement of the program sustainability.

4.1 Theoretical Implications

The study is valuable to the body of literature by having fragmented research findings incorporated into a logical conceptual statement as to how the programs of financial support affect household productivity. The research provides an extension of the current development and sustainability theories by conceptualizing productivity as a multidimensional and dynamic entity. The framework elucidates how the programs of financial support can translate into long term livelihood resilience to provide a more holistic theoretical explanation on poverty reduction and household development.

4.2 Practical Implications

The findings have implications to policymakers and development practitioners as they use them to design comprehensive financial support programs that extend past short-term consumption support. The focus needs to be on asset-building, diversification of the income, and growth of entrepreneurs to attain sustainable productivity improvements. Financial assistance that should be incorporated by the program designers with capacity-building and institutional support is also a way of maximizing the long term effects.

4.3 Limitations and Future directions

Being a conceptual review, the study is based on the literature existing and the proposed framework is not empirically tested. The framework can be tested in future studies through quantitative, qualitative or mixed methods in the context of various regions, as well

as through socio-economic settings. In the dynamic interaction of the proposed dimensions of household productivity, longitudinal studies would be especially useful.

4. Conclusion

According to the findings of this study, financial support programs are essential in promoting the productivity of the households in case they are applied into a framework that is both structured and sustainability-based. The paper is based on a synthesis of the previous research and it is easy to see the conceptual clarification of the role of financial interventions in the accumulation of assets, the stability of income, development of enterprises, satisfying basic needs, and poverty reduction. The proposed framework presents meaningful information on the theory and practice, and it is possible to note that well-designed financial support programs are potentially able to deliver resilient and sustainable livelihoods.

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