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**Title:** Pakistan's Struggle for Regional Economic Dominance: Analyzing Failures and Proposing Essential Policy Interventions

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# Pakistan's Struggle for Regional Economic Dominance: Analyzing Failures and Proposing Essential Policy Interventions

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## Abstract

This policy paper is an inquisitive effort from a vantage point which aims to explore Pakistan's economic prospects and identifies the key systemic issue of governance that has hampered Pakistan's potential for regional economic dominance and requires intervention on priority. This paper underscores the critical role of system theory in policymaking, particularly when paralysis ensues due to intricate issues within the public sector. It advocates for a strategic approach by identifying key intervention areas and emphasizes the importance of adhering to broader governance principles within one's sphere of influence. Additionally, it subtly touches upon the impact of foreign aid and political instability on economic growth. Through survey, statistics and literature review, this research narrows down the interventions necessary to navigate the challenging public policy regime in order to meet the objective of regional economic prosperity. It inspires the policymakers to contribute through the economic prism in their own area of influence for sustainable economic growth, instead of being trapped into inculcation.

**Keywords:** economy, economic dominance, governance, Pakistan, policies, system theory

## Introduction

Despite its geo-strategic location and rich resources, Pakistan has missed the opportunity to gain a reliable reputation of economic dominance and continues to grapple with economic challenges for variety of internal and external reasons. Economic dominance may be defined as the country's significant influence over the larger economy through economic might like large GDP, strong industries, modern technologies with a dominant position in global trade and investments (Johnson, [1994](#)). The Economic Survey of Pakistan for 2022-23 paints a bleak picture, with GDP growth slowing down to 0.29 percent, agriculture shrinking to 1.55 percent, industry contracting

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to 2.94%, services growth dipping to 0.86%, per capita income (which is misleading in view of its spread) declining to \$1568, SBP's policy rate raised to 21%, remittances dropping by 13 percent, foreign direct investment decreasing by 23.2 percent (Government of Pakistan, [2023](#)) This is happening in a region where countries like China, India, Iran and Bangladesh are catching attention of global economics. Notwithstanding, exciting opportunities are also emerging in other regional countries of Middle East and South East Asia amid Ukraine-Russia conflict.

A default of indebted Pakistan would be a very expensive financial event for the country and investors. Significant economic instability brought on by sovereign default undermines investor trust and prevents access to international financial markets, resulting in a rise in borrowing prices. These worsened financial problems would lead to the non-availability of credit, making it harder for a nation to finance large-scale projects and promote economic growth. The gold standard for measuring default risk remains the credit rating of a sovereign entity and bond yields in the international market (Arend & Sánchez, [2020](#)). A similar scenario occurred in 1998-99 when Pakistan faced the imminent risk of default and implemented several measures to secure funds from external sources and restructure its debt (Mauricio, [2010](#)).

While the foreign aid and governance have been hailed by the economists for last 3 decades as premise for economic growth, the socio-economic indicators of Pakistan do not reflect this well despite the fact that economists are looking towards another IMF program for foreign aid (Sarwar et al., [2015](#)).

**Table 1**  
*Pakistan's Rankings as per Different Indices*

Years	Human Development Index Ranking (UNDP)	Global Competitiveness Ranking (World Economic Forum)	Corruption Perceptions Index (Transparency International)	CPIA Economic Management (World Bank)	CPIA Fiscal Management (World Bank)
2008	125	92	134	3.0	2.5
2013	146	112	127	2.8	2.5
2018	150	107	117	3.2	3.0
2020 - 2022	161	110	140	3.3	2.5

**Note.** Ranking of Pakistan in different indicators shared from Pasha ([2023](#))

## Objective

The objective of this research is to analyse the current economic situation of Pakistan in comparison to some of the progressive regional economies. Economic growth has always been a cross cutting issue, faced by overarching and competing challenges, which make it complicated for practitioners to initiate the implementation of policy interventions. The policy executioner would fall prey to the system theory of public policy wherein interconnectedness, non-linearity, and holistic perspective support inaction because of non-conducive premise. Therefore, the prime objective of this paper is to inspire practitioners and the public to adopt a proactive approach by contributing to a holistic scheme of things in favour of economic growth, to avoid paralysis by analysis.

## Statement of Problem

As the world's fifth most populous nation with \$340 billion GDP, Pakistan has encountered boom and bust cycles, and is now sinking into an external debt of ~\$85 billion (Government of Pakistan, [2023](#)). This comes at a time when emerging markets and developing economies are growing at ~5% (International Monetary Fund, [2023](#)). The problem is further complicated by internal and external factors with projected GDP growth of 0.3% in 2023 (Government of Pakistan, [2023](#)). If Pakistan fails to transform its economy by attracting investments and innovations through governance and reduce its dependence on foreign aid, the looming uncertainties and threats could plunge the country into catastrophic implications, let alone regional economic dominance.

## Research Question

What internal policy intervention can be implemented to stimulate economic growth in Pakistan?

## Scope

While excluding CPEC foreign direct investment, data analytics in GDP growth vs foreign aids for temporal analysis was used from 1960 onwards. From geography perspective, the word "region" has been restricted to Iran, India, Bangladesh & China.

Although the subject requires holistic scrutiny of macroeconomic and governance issues, however, the scope will be restricted to governance issues. Political instability though a key cause in macroeconomy context,

but it would not be deliberated in policy recommendation part as its beyond jurisdiction of a policy practitioner.

### Literature Review

There is ample literature available on the broad subject but it is not possible to conclude in a single policy paper. However, with narrowed scope, the available literature wasn't very specific or pertinent.

After prudent scrutiny and in line with the scope, Pasha (2023) delves into the leading issues of economy in Pakistan, Agenda for reforms have made a temporal analysis of three different governments in Pakistan and their economic performance, role of IMF programs, key issues and the reform agenda. He advocates for sustainable trade balance & public finance, removal of impediments to growth and improved economic governance as the way forward to achieve economic prosperity.

Sarwar et al. (2015) provides correlation between foreign aid, governance and economic growth. The empirical evidence and statistical technique on the data of 1984-2012 have concluded that foreign aid has a negative impact on the governance of bureaucratic performance, particularly when taken over a longer period of time so it should be inculcated with exit strategy.

Abate (2022) argued that although foreign aid is very important for the developing countries however, 2002-2019 data analytics proved that for 44 developing countries, foreign aid was previously inconclusive. Using generalized method of moment model (GMM) established non-linear relation i.e., positive on economic growth for lower aids but harmful beyond threshold. He further clarified through modelling that by keeping foreign aid less than 10% of GDP, with easy regulatory regimes and lesser control on economics and politics, along with institutional quality, such countries can reap benefits from the foreign aid.

Zubair (2014) concluded through statistical tools that out of four indicators of World Governance Indicators (WGI), political stability contributes greatly to economic growth while other 3 factors also showed relevance towards it, thus making good governance a key driver of economic growth.

Razaq et al. (2020) explored the relation among democracy, governance and economic growth utilizing data from 1984 -2017. There was a

limitation of data correlating economic growth, governance and democracy and its implications for Pakistan that Pakistan has performed low on governance indicators within the time series analysis, therefore, the impact of governance on economic growth is insignificant. However, a significant impact of democracy on economic growth was found through the use of instrumental variables and estimation techniques.

Bayar (2016) proved through econometric methodology and empirical analytics that governance has a direct and significant impact on the economic growth while studying European economies. He also suggested several indirect relations of governance to economic growth, emphasizing the effective use of public expenditures by the government, positioning the public sector as the key driver of national income and placing governance at the core of economic growth. Similarly, new endogenous theories have established relations between human capital, technological process and social infrastructure as engine of growth.

Shahbaz et al. (2008) critically analysed using scientific tools to emphasize the importance of structural adjustment programs (SAP) over other economic indicators. A careful scrutiny of the piece again takes the reader into circles of economic interventions like boosting trade and generating job opportunities with the conclusion on size of government and other governance modalities. The developing and developed countries have performed well as they opt strong economic fundamentals, thus reflecting premise for economic growth determinants in Pakistan. However, in Pakistan empirical evidence of such SAP programs couldn't yield desired results pointing subtly towards governance flaws in the implementation mechanism to boost economic growth.

The adversaries to economic growth are diverse with climate change being one such factor, which through a single event wiped away infrastructure, crops and assets of worth US\$ 30 billion, besides 1700 casualties (The World Bank, 2022).

### **Method**

The research has a very broad spectrum and deals with macroeconomic figures, therefore, mostly data is collected through secondary means with mixed method and triangulation of qualitative and quantitative aspects. Moreover, two identical open-ended questionnaires were designed with the intention to take perception officials and general public (wide range) for the



sample size of ~100 each to examine the perception of Pakistan economic success in the last decade and in the coming years along with major challenges. In addition to it, semi-structured interviews were also conducted. Various resources, including the NIM, Lahore Library, Google Scholar, Trade Map, World Bank Database, Taylor and Francis online, AI tools and others were used for collection and understanding of literature and remained very instrumental.

## **Analysis**

### **Survey from the Public and Officials**

The questionnaire through Google Forms employed in this research was open ended and intended to develop a pulse about economic situation of Pakistan from the officials and public, each responding on the same questionnaire separately. The responses (including weblink) are recorded in comparative manner separately at Annex-I. The important observation about public perception is that Pakistan wasn't a good performer and never achieved regional economic dominance in the past, neither it's on track to gain such dominance with reasons mainly attributing to political instability and governance/sub governance sectors. Almost similar results were obtained from the sample of public officials.

As the questionnaire is for the years between 2010 to 2048, there was less likelihood for the public to develop bias. Almost all key sectors including Agriculture has been ranked as the worst performers while somewhat confidence was visible in textile sector with reference to the economic performance in the past years.

It gave a fair idea and endorsed the viewpoints statistically established in earlier literature review about the political stability, governance and economic growth thereby reaffirming a practitioner conviction to start with governance.

### ***Limitations***

The survey alienated the strata who doesn't use technology while it also has its limitations to incorporate views of highest echelons in government.

### **Challenges to Pakistan's Economy**

There is an array of challenges on internal and external fronts to the thriving economy of Pakistan.

### ***Internal Challenges***

The internal challenges broadly include political instability, inconsistent economic policies, infrastructure deficit, human capital development, lack of technology & innovation, law & order and governance. However, policy intervention would be focused on governance only.

### ***Governance***

The most important guarantee to the long run economic growth is the governance. There has not been a consensus on governance definition; however, to make it simpler it is recognized by the tradition and institutions by which the state authority is exercised in a country. Therefore, it may be considered as:

1. Government's selection, monitoring and replacement
2. Vested powers to effectively make and govern policies
3. Mutual respect between citizens and state to perform socio-economic functions (Bayar, [2016](#))

Thus, poor governance may be reflective of the weak institutions and its governance structures, insufficient capacity and capability with incorrect incentivization and accountability in the organisation.

**Table 2**

#### ***Economic Growth Path of Pakistan***

Years	Type of Growth Path	Years	Type of Growth Path
1999-2000	IMF Program	2011-12	Expansionary
2000-01	Contractionary	2012-13	Expansionary*
2001-02	Contractionary	2013-14	IMF Program
2002-03	Expansionary	2014-15	Contractionary
2003-04	Expansionary	2015-16	Contractionary
2004-05	Expansionary	2016-17	Expansionary
2005-06	Expansionary	2017-18	Expansionary*
2006-07	Expansionary	2018-19	IMF Program
2007-08	Expansionary*	2019-20	Contractionary
2008-09	IMF Program	2020-21	Expansionary
2009-10	Contractionary	2021-22	IMF Program
2010-11	Contractionary	2022-23	IMF Program
*Election Years		*Election Years	

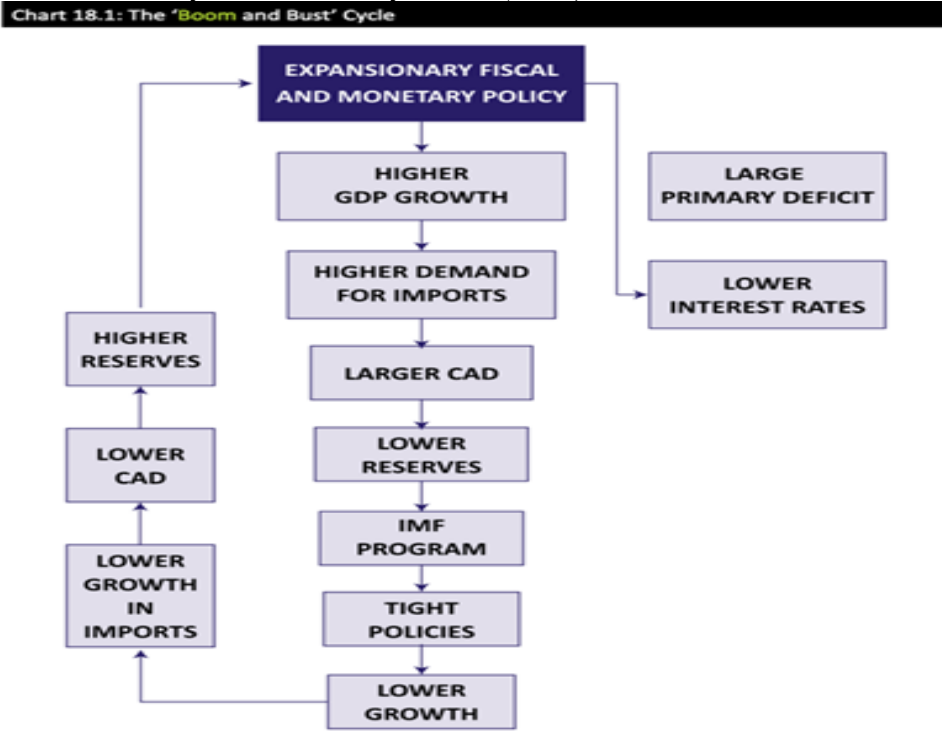
**Note.** Economic growth path of Pakistan is shared by Pasha ([2023](#))



The economic scrutiny of Pakistan illustrates that Pakistan is facing cyclic issues of “boom and bust” and has failed to retain its boom cycle due to poor management of inflows. A cursory analysis is presented below.

### Figure 1

*Boom & Bust cycle is shared by Pasha (2023)*



It could be fiscal policies but more importantly it's the governance structure that failed to assimilate such peaks.

The governance is further complicated when dilemma of independence of regulatory bodies are concerned, which view the situation through regulatory or political prism instead of an economic prism. To address other socio-economic and production sector issues, the governments have developed an extensive state machinery to promote and bring economies of scale, however, over time the results could not be reaped as it is evident from the fact that Pakistan's overall exports volume to the world remained only US\$ 31 million against the world trade volume of US\$ 25 trillion, which is 0.1 % in 2022. (Trade Map, [n.d.](#)). Similarly, Pakistan imported US\$ 71 million and interestingly, a cursory analysis may reveal that food,

cotton and luxury goods like vehicles, electronics etc. consumed a considerable share, which could be developed in the country. One may deduce a hypothesis that Pakistan is a supply driven market rather than demand driven market, therefore it's not operating at optimal level. Inadequate planning, improper prioritization of sectors and infrastructure projects, lack of interest and capacity, miscoordination among different entities of public and private sector, mis-procurement in the public sector, non-identification of key policies from competing demands, usual business plans of public sectors aimed from grant in aids to avoid circular debts, inefficiencies of the managements, inactive or reactionary behaviour towards above mentioned policy issues due to lack of commitment coupled with other political instability issues are deterring good governance. Besides, there is lack of consolidation in variegated sectors to continue success stories and tap the untapped opportunities in all other sectors like success stories of textile sector, agriculture etc. and tapping potential of shrimp model farming, livestock breed improvements, high yield crops, technical vocational education, mining, tourism and many others besides re-evaluation of the trapped investments of US\$ 300-400 billions in the real estate (Atiq, [2020](#)). The production factor's key components are Land,

**Figure 2**

*Imports of Pakistan by Trade Map (n.d.)*

Pakistan Imports by Category

Mineral Fuels, Oils, Distillation Products 27%	Machinery, Nuclear Reactors, Boilers 8.1%	Vehicles Other Than Railway, Tramway 4.6%	Plastics 4.1%	Organic Chemicals 4.1%
	Iron and Steel 6.3%	Oil Seed, Oleagic Fruits, Grain, Seed, Fruits 2.7%	Cereals 1.3%	Fertilizers 1.3%
	Pharmaceutical Products 5.2%	Cotton 2.6%	Articles of Iron or Steel 0.81%	Coffee, Tea, Mate and Spices 1.2%
Electrical, Electronic Equipment 8.2%	Animal, Vegetable Fats and Oils, Cleavage Products 4.9%	Miscellaneous Chemical Products 1.3%	Rubbers 0.97%	Manmade Staple Fibers 1.1%
		Edible Vegetables and Certain Roots and Tubers 1.3%	Ships, Boats, and Other Floating Structures 0.90%	Manmade Paper and Board 0.73%
				Optical, Photo, Technical, Medical Apparatus 1.1%



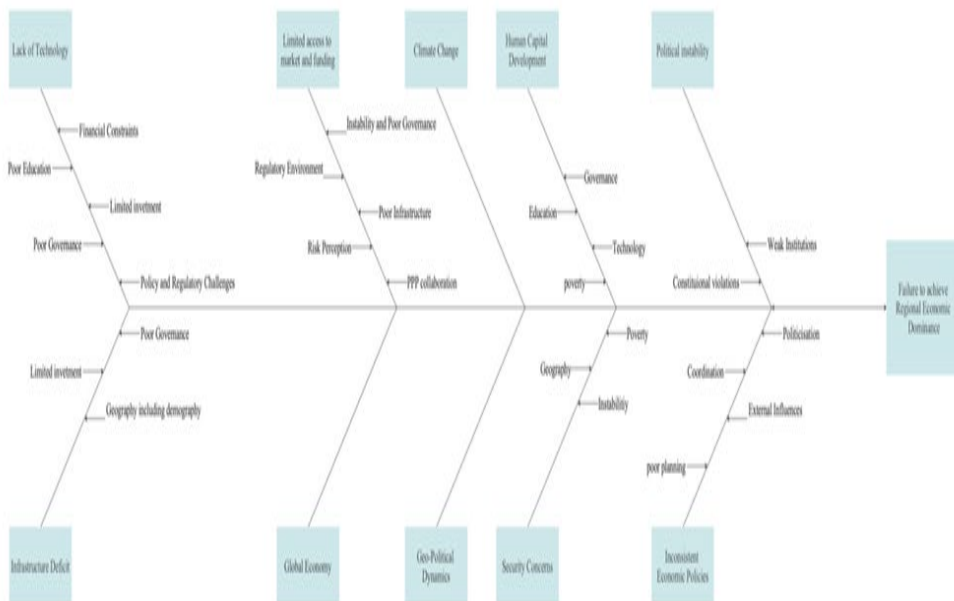
Labour, Capital & Entrepreneurship (Technology) (Rjonesx, [2022](#)) and Pakistan has sufficient land & labour. However, governance has failed to retain sufficient capital to promote right technology and innovation over time, causing Pakistan to lag in many key indicators which will be explained in the latter section of regional comparison.

### ***External Challenges***

The external challenges include mainly security concerns including cross-border terrorism, new global alignments & dynamics, global economic factors, international conflicts, limited market access & capital influence and climate change. However, these external factors will not be discussed in the policy recommendations due to scope limitation and objectivity.

### **Fishbone (Ishikawa) Diagram**

A fishbone diagram is also illustrated by the author to brainstorm cross cutting issues.

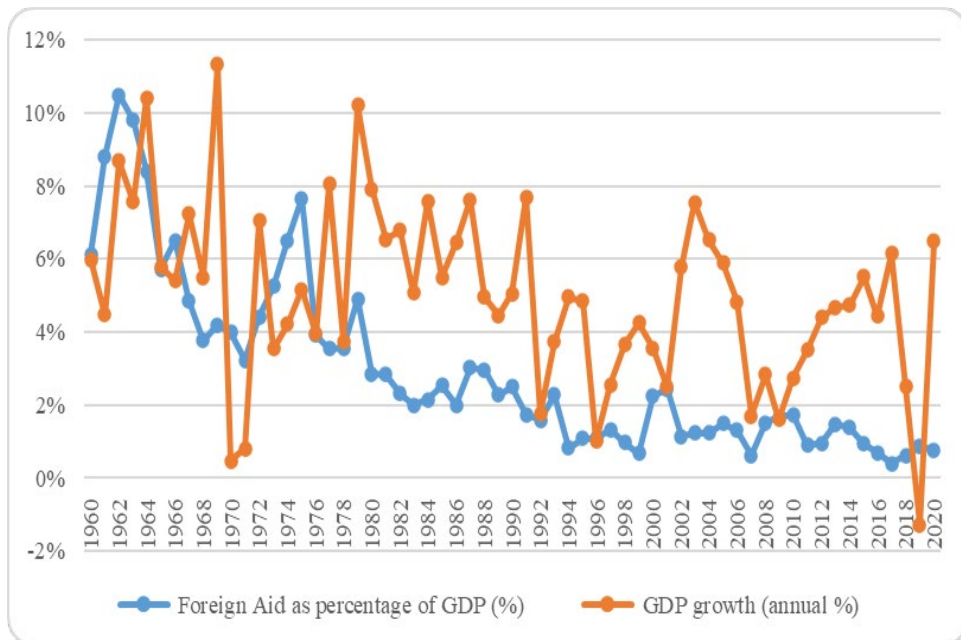


### Data Analytics of GDP Growth

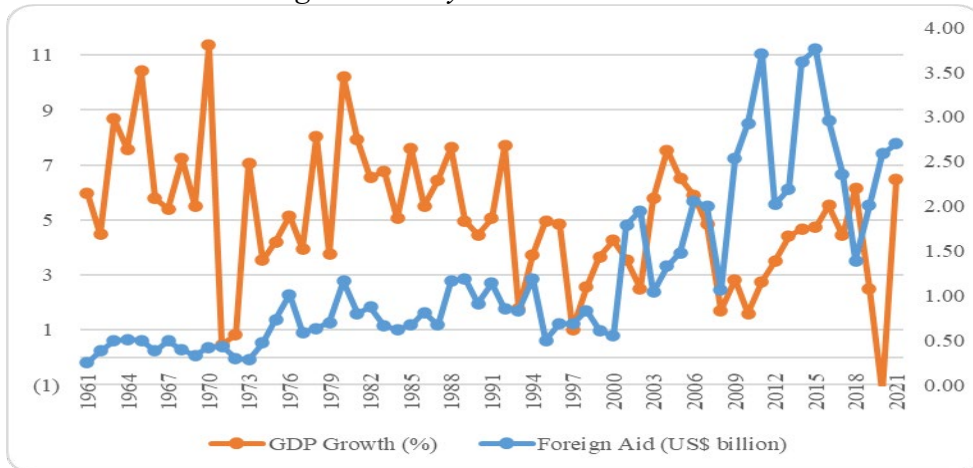
It is perceived that Pakistan’s economy is subject to foreign aids program, therefore in order to critically evaluate a data set from 1961-2021 (The World Bank, [n.d.-a](#)) was used to analyse its correlation through illustrations and correlation, respectively. The first illustration is annual GDP growth (%) with reference to a blue line of Foreign Aid Injection in (US\$ Billions). The second illustration is demonstrating the comparison of annual GDP growth against foreign aid as percentage of national GDP. Both the illustrations are visually not in harmony, most of the times. Therefore, it is imperative to examine this one critical part’s correlation with GDP and GDP Growth. For this purpose, the correlation between GDP & its growth with foreign aid remained very interesting and it generates a lot of curiosity amongst the established beliefs that foreign aids usually stabilize economy and provide stimulus. Below table and graph are the manifestation of data analytics performed on Annex -II with interesting results.

**Figure 3**

*Foreign Aid as percentage of GDP vs GDP Growth*



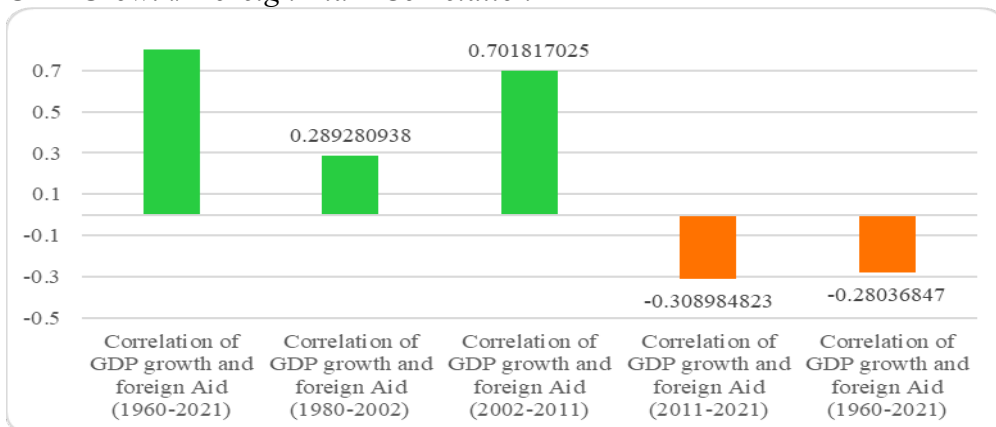
**Figure 4**  
*GDP Growth Vs Foreign Aid Analysis*



**Table 3**  
*Correlation of Gross Domestic Product Growth and Foreign Aid*

Description	Correlation
GDP growth and foreign Aid (1960-2021)	0.82
GDP growth and foreign Aid (1980-2002)	0.29
GDP growth and foreign Aid (2002-2011)	0.70
GDP growth and foreign Aid (2011-2021)	-0.31
GDP growth and foreign Aid (1960-2021)	-0.28

**Figure 4**  
*GDP Growth/ Foreign Aid – Correlation*



Overall, an economist may develop a very healthy correlation if data analytics is performed from 1960- 2021, however, when there were lesser kinetic conflicts in the region, the impact was lesser as in 1980-2002 in comparison 2001-2011. However, in the last decade foreign aid showed a very negative correlation with GDP. Moreover, if we scrutinize GDP Growth viz a viz foreign aid, it comes out to be negative, which confirms our hypothesis of literature review that with aids have a negative impact on the economic growth and it suffers adversely.

### Government's Key Initiatives

Following are some of the key documents aimed to make economic situation better in Pakistan as there is public pulse that island of riches would inundate in the sea of poor, if correct policy measures are not taken.

#### National Security Policy 2022-26

National Security Policy 2022-26 was launched in 2022 when there was a dire realization that without economic security, traditional security could not be guaranteed. It was envisioned that national security imbued with citizen-centric approach would guarantee national cohesion and the prosperity of people through ensuring fundamental rights and social justice to the masses. It was annexed with a complete action plan but its implementation in true spirit is prime facie a far cry (Government of Pakistan [GOP], [2022](#)).

#### Figure 5

*Symbiotic Relationship by National Security Division, GOP (2022)*



*Symbiotic Relationship Between Traditional and Non-Traditional Security*

## Vision 2030

It was a comprehensive document launched in 2007 to achieve developed, industrialized, just and prosperous Pakistan through knowledge economy to overcome resource constraints [GOP, [2007](#)].

## Vision 2025

The vision 2025 was launched in 2014 with the aim to make Pakistan amongst top ten economies of the world by 2047 and to make Pakistan an Asian tiger by 2025 (GOP, [2014](#)). However, the intended results could not be yielded as the actionable policies and plans could not be formulated and faced governance issues, political priorities, inadequate resource allocation, inaction on furthering the objectives and lack of accountability on the progress.

### Figure 6

*Vision 2025 shared by Planning Commission, GOP ([2014](#))*



## **Punjab Growth Strategy 2023**

In 2019, Punjab growth strategy was launched to take further the Punjab growth strategy of 2018. It was a well elaborated document, but it could not reap the desired results to make Punjab a knowledge based, inclusive and sustainable economy.

### **Planning Commission Proformas**

Planning Commission proformas – I (PC-I) were scrutinized from the online source. (Planning & Development Board, [n.d.](#)) It was revealed that public sector on the paper was being carried out without any cogent research and need-gap analysis and that is even devoid of activity plans, which overall hampered the quality of projects. Every year, billions of rupees are invested into public sector development without any prescribed pre and post evaluations.

There are many other documents that complement the economic growth and prosperity like performance agreements, ADPs, PSDP etc. which are also reflective of state priorities.

### **Analysis**

Comprehensive documents failed to deliver as per envisioned objectives because of governance challenges. The *public value* stresses the value of organization for the public (HSGUNISTGALLEN, [2015](#)), so understanding the purpose of organization and ability to respond emerging requirements is crucial to facilitate economic activities. Therefore, governance within the institutions is of paramount importance and such governance structures are already imbued in the forementioned policy frameworks instead of re-inventing the wheels.

As political instability is understandable from the fact that 31 Prime Ministers have served Pakistan in 65 years of independence, governance could be the only way forward for above visions and strategies.

### **Regional Economic Comparison**

Coming to the comparison of few economic development indicators (through heat map and graph) amongst China, India, Iran, Bangladesh and Pakistan elucidates that Pakistan lags behind in many key indicators. However, the situation is not that bleak as perceived, and right interventions with perseverance can lift the country onto the path of prosperity.



**Table 4**  
*Comparison of Few Economic Development Indicators*

Country	Area (Sq. Km) ( <i>LARGEST COUNTRIES IN THE WORLD</i> )  <i>STATISTA, 2023</i> )	Population (millions)	GDP (Billion US\$)	Net Migration	GDP Growth	Exports of Good & Services (% of GDP)	Labor (millions)
<i>(WORLD BANK OPEN DATA, n.d.)</i>							
India	3,287,263	1,420	3,385.1	(301,970)	7.0	22.4	523.8
China	9,596,960	1,410	17,963.2	(200,194)	3.0	20.7	781.8
Iran	1,648,195	88.5	388.5	28,080	2.7	19.8	28.8
Bangladesh	148,460	171.2	460.2	(174,500)	7.1	12.9	74.4
Pakistan	796,096	235.8	376.5	(471,395)	0.3	10.5	78.9

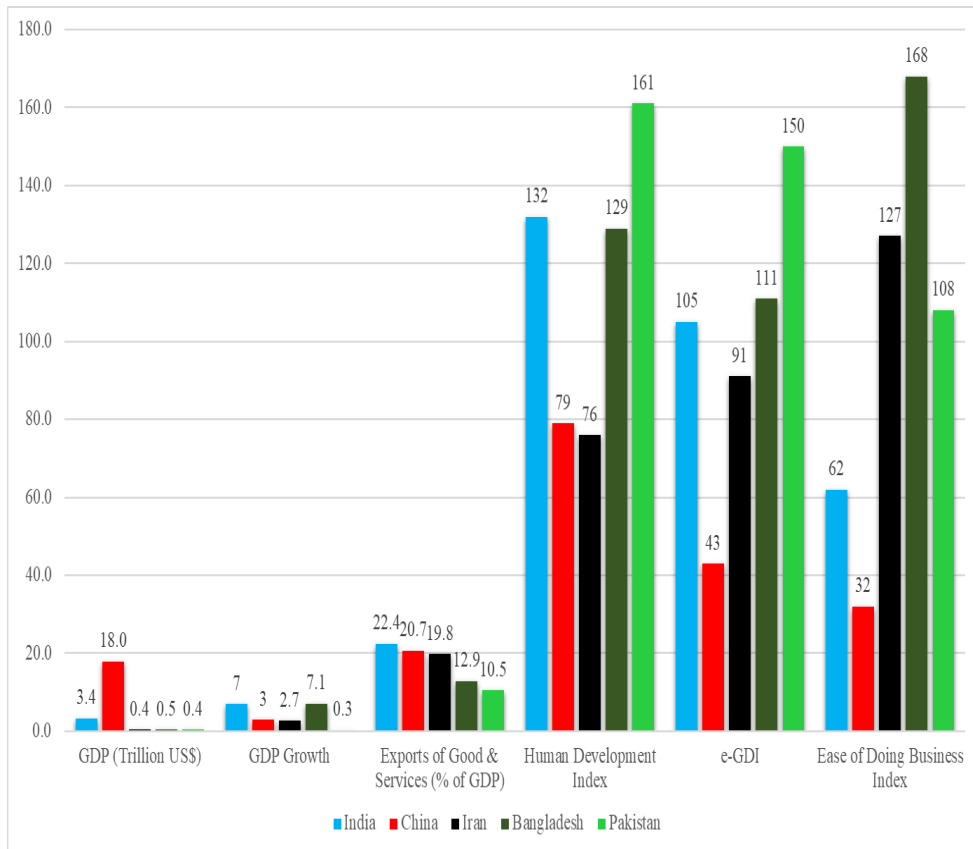
**Note.** Heat map by author based on data shared by Statista ([2023](#)), The World Bank ([n.d.-a](#)), United Nations Development Program ([n.d.-a](#)), Guagenti ([2023](#)), United Nations Development Program ([n.d.-b](#)), The Global Economy ([n.d.](#)) & The World Bank([n.d.-b](#))

**Table 5**  
*Comparison of Few Economic Development Indicators*

Country	Human Development Index ( <i>UNITED NATIONS, n.d.</i> )	Currency Value (1US\$ equals) 14th July,2023 ( <i>GUAGENTI, 2023</i> )	e-GDI ( <i>UNITED NATIONS, n.d.-b</i> )	Political Stability Index ( <i>POLITICAL STABILITY BY COUNTRY, AROUND THE WORLD THEGLOBAL ECONOMY.COM, n.d.</i> )	Ease of Doing Business Index ( <i>WORLD BANK OPEN DATA, n.d.-b</i> )
India	132	82.1 INR	105	(0.62)	62
China	79	7.1 CNY	43	(0.48)	32
Iran	76	42,275 IRR	91	(1.60)	127
Bangladesh	129	108.7 BDT	111	(0.97)	168
Pakistan	161	Rs. 277.5	150	(1.67)	108

**Note.** Heat map by author based on data shared by The World Bank ([n.d.-a](#)), United Nations Development Program ([n.d.-a](#)), Guagenti ([2023](#)), United Nations Development Program ([n.d.-b](#)), The Global Economy ([n.d.](#)) & The World Bank([n.d.-b](#))

**Figure 7**  
*Regional Comparison Indicators*



**Note.** Graph by author based on data shared by The World Bank ([n.d.-a](#)), United Nations Development Program (n.d.), United Nations Development Program (n.d.-b), The Global Economy ([n.d.](#)) & The World Bank ([n.d.-b](#))

### Conclusion

In conclusion, it is evident that extensive frameworks and policies have been formulated that envisaged economic prosperity. However, the absence of enabling governance framework (along with other factors) couldn't deliver the desired objectives and address the system theory intricacies. It is important to acknowledge that without right institutional quality and appropriate governance, economic objectives couldn't be achieved. The inability to maintain a respectable position in regional economics, let alone regional dominance, is primarily attributed to governance issues rather than

foreign aid. For relatively smaller economies, these financial steroids of aid may produce some manipulated results but in the long term of sustainable economic dominance, governance could be one of the key factors. Pakistan's ability to compete on regional level and advance economically has been hampered by policy inconsistencies, limited institutional capacity with inadequate planning, technology, openness and accountability.

The analysis of governance issues exposes the adverse effects on important facets of economic development, such as infrastructure development, human capital development, business accessibility, climate change resilience, trade and investment promotion. Due to these difficulties, economic diversification, a crucial factor in regional economic domination, has been hampered.

Insufficient investment in infrastructure, lack of coordination among government agencies, and poor implementation of policies have resulted in subpar infrastructure development. Inadequate governance mechanisms in education and healthcare have led to a shortage of skilled workforce and hindered the development of industries targeted for diversification.

From public and policy practitioner's perspective, the governance structure has failed to bridge instability gap and has contributed to further weaknesses. With the exception of political stability, the current governance framework and private sector had sustained the country from dire implications in the past despite multiple internal and external challenges. The potential for achieving economic prosperity exists within the extensive machinery. The study concluded that governance related improved policy interventions with focus through economic prism, proactivity and perseverance, could create a conducive environment for sustainable economic development and eventual economic dominance.

## **Recommendations**

Over competing and overarching reasons have made the problem too intricate that policy conundrum is a natural outcome. To address this challenge of wicked public policy, a way forward has been proposed to focus on one key element i.e., governance. This approach aims to resolve the worsening economic scenario and inaction on all existing well-deliberated strategies, visions and policies.

### ***Governance-Economy Framework***

A public policy framework is proposed based on existing visions and policies, which anchors on following pillars (which too derived from the existing policies) at its core



The above mentioned six pillars are expected to change the governance attitude of public sector towards facilitating the citizens, instead of regulating through evolving sector specific solutions to acquire public value imbued with professionalism and an activity plan from the available resources to achieve the manifested mission of that entity. This would avoid reinventing the wheel. Further, integration and consolidation would encourage the policy researcher connection with policy makers to uplift economy through data analytics while economic prism would provide necessary lens to incentivize economic activity resulting in economies of scale. All the public sector may be encouraged to operate at break-even points through resource mobilization within next 2 years.

The policy framework and governance must be targeted towards following:

*Economic Diversification:* Traditional sector has reaped many benefits through prioritization and till date they have failed to gain independent supply chain through investment in R&D. Focus on emerging industries like IT, pharmaceuticals, renewables, services, mining and livestock etc. to attract foreign investments, job opportunities and competitiveness. It is very important that the trapped investments in real estate should be gradually diverted towards other potential sectors instead of vice versa.

*Infrastructure Development:* The infrastructure development should be aligned to economic activity through investments and need-gap analysis with the aim to provide digital technology, energy and transportation network to facilitate trade and stimulate economy. The brick-and-mortar mentality in social sectors should be critically reviewed and barred, wherever applicable.

*Human Capital Development:* Instead of investing on literacy, investment in education and skill development programs must be designed to promote entrepreneurship and innovation for skilled and adaptable labour force to meet national and international industrial demands.

*Ease of Doing Business:* Over regulation should be eliminated at earliest and economic prism must be deployed to encourage compliance regimes instead of “NOC regimes” to attract investment, secure private sector and improve international reputation as in case of regional comparison chart.

*Climate Change Resilience:* Develop projects with formalities to acquire international funding pie from climate fund as Pakistan is one of the most vulnerable countries reference climate changes.

*Good Governance:* Transparency and accountability must be inculcated within entities besides capacity building of professionals and employing ICT interventions. Business models of all public sectors shall be developed to discourage GIAs for redirecting public funding into R&D.

*Trade and Investment Promotion:* All public sector should be sensitized to attach unconditional and top priority on investments and trade by diversifying export markets with value additions to gain proportionate pie in world trade.

*Regional Cooperation:* Collaboration in the field of infrastructure development, trade facilitation measures, transfer of technology and energy cooperation should be initiated with neighbouring and regional countries.

*Government Monopolies:* The sectors steered by government monopolies (like public health, education, regulation, security etc.) should be consistently reviewed by the organizations, whether it had had been successful in meeting public expectations aligned to the broader policy framework.

The anchor upon which the dream relies must have a strong functional base, and a careful scrutiny of all forementioned ingredients emphasizes that if practitioners' governance structure delivers, the baseline work to embark on the path to economic prosperity could be much easier.

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**Annex- I**

**Survey on Economic Situation of Pakistan**

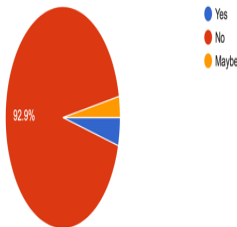
<https://docs.google.com/forms/d/1fEZW9unggcYzAoSTLfptgmfH8rRvizcyOAibS71c9ps/edit>

Official Perspective

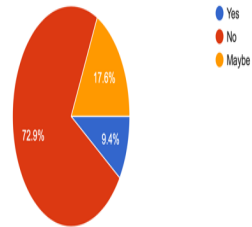
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Public Perspective

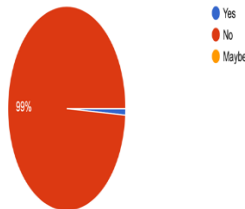
Do you think Pakistan dominated China, India, Iran and Bangladesh in economic terms in 2010?  
98 responses



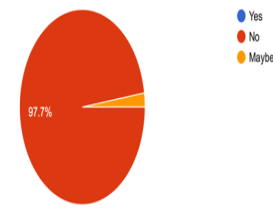
Do you think Pakistan dominated China, India, Iran and Bangladesh in economic terms in 2010?  
85 responses



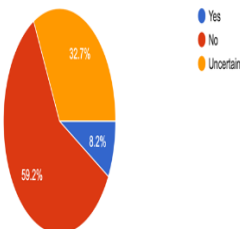
Do you think Pakistan is better than China, India, Iran and Bangladesh in economic terms?  
98 responses



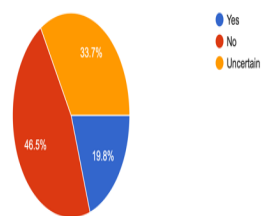
Do you think Pakistan is better than China, India, Iran and Bangladesh in economic terms?  
86 responses



Do you think Pakistan will be able to dominate China, India, Iran Or Bangladesh in economic terms in next 25 years?  
98 responses

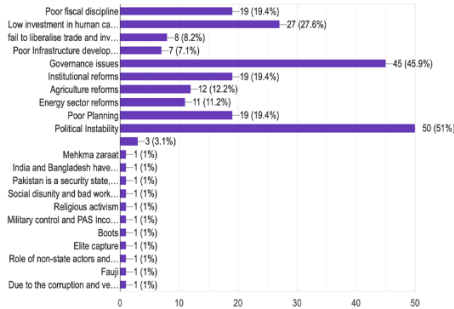


Do you think Pakistan will be able to dominate China, India, Iran Or Bangladesh in economic terms in next 25 years?  
86 responses

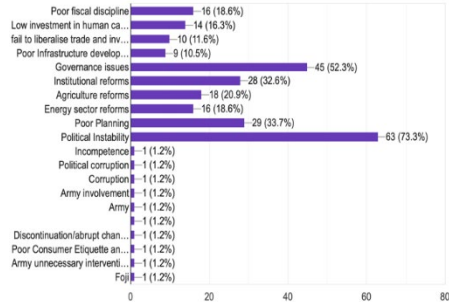


# Pakistan's Struggle for Regional Economic...

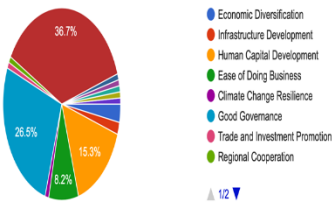
One reason for failure of Pakistan on economic fronts in comparison to economic situation China, India, Iran or Bangladesh?  
98 responses



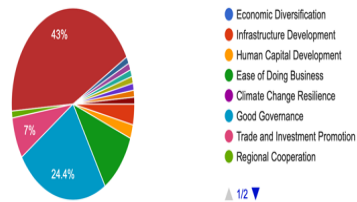
One reason for failure of Pakistan on economic fronts in comparison to economic situation China, India, Iran or Bangladesh?  
86 responses



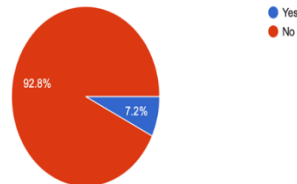
In your opinion, what is the most important pre condition to improve economic situation?  
98 responses



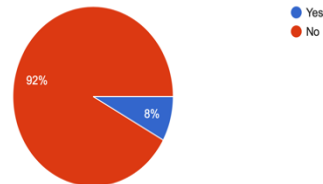
In your opinion, what is the most important pre condition to improve economic situation?  
86 responses



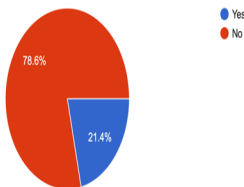
Do you think Pakistan is on track to economic progress?  
97 responses



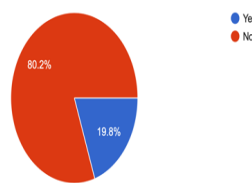
Do you think Pakistan is on track to economic progress?  
87 responses



Do you think Pakistan's economic situation will be better in next 5 years with its policies?  
98 responses



Do you think Pakistan's economic situation will be better in next 5 years with its policies?  
86 responses



## Annex - II

Year	Foreign Aid as	Net official development	GDP growth (annual %)	GDP (current US\$)
	percentage of GDP	assistance and official aid received (current Billion US\$)		
	percentage	US \$	percentage	
1960	7%	253,559,998		3,749,265,015
1961	6%	252,740,005	6	4,118,647,627
1962	9%	379,790,009	4	4,310,163,797
1963	10%	485,779,999	9	4,630,827,383
1964	10%	510,320,007	8	5,204,955,901
1965	8%	498,859,985	10	5,929,231,415
1966	6%	375,859,985	6	6,561,108,778
1967	6%	485,019,989	5	7,464,510,710
1968	5%	390,660,004	7	8,041,999,160
1969	4%	327,910,004	6	8,683,116,338
1970	4%	420,829,987	11	10,027,509,450
1971	4%	426,040,009	0	10,665,896,682
1972	3%	304,730,011	1	9,415,016,360
1973	4%	282,350,006	7	6,383,429,490
1974	5%	468,519,989	4	8,899,191,919
1975	7%	731,070,007	4	11,230,606,061
1976	8%	1,008,239,990	5	13,168,080,808
1977	4%	593,270,020	4	15,126,060,606
1978	4%	631,669,983	8	17,811,515,152
1979	4%	702,380,005	4	19,688,383,838
1980	5%	1,160,219,971	10	23,654,444,444
1981	3%	802,309,998	8	28,100,606,061
1982	3%	869,419,983	7	30,725,971,564
1983	2%	662,840,027	7	28,691,889,764
1984	2%	624,659,973	5	31,151,825,467
1985	2%	668,070,007	8	31,144,920,844
1986	3%	808,070,007	6	31,899,070,056
1987	2%	667,159,973	6	33,351,529,275
1988	3%	1,164,949,951	8	38,472,742,808
1989	3%	1,193,520,020	5	40,171,105,580
1990	2%	908,590,027	4	40,010,423,970
1991	3%	1,143,030,029	5	45,625,336,680
1992	2%	846,729,980	8	48,884,672,605
1993	2%	826,059,998	2	51,809,999,353
1994	2%	1,187,180,054	4	52,293,471,393
1995	1%	500,640,015	5	60,636,071,684
1996	1%	687,250,000	5	63,320,170,084
1997	1%	682,229,980	1	62,433,340,468
1998	1%	825,549,988	3	62,191,955,814
1999	1%	613,630,005	4	62,973,856,844
2000	1%	549,619,995	4	82,017,743,416
2001	2%	1,785,150,024	4	79,484,403,985
2002	2%	1,951,550,049	3	79,904,985,385
2003	1%	1,043,199,951	6	91,760,542,940
2004	1%	1,327,510,010	8	107,759,683,863
2005	1%	1,476,699,951	7	120,055,291,993
2006	2%	2,059,510,010	6	137,264,061,106
2007	1%	2,003,900,024	5	152,385,716,312
2008	1%	1,060,079,956	2	170,077,814,106
2009	2%	2,532,870,117	3	168,152,775,283

Year	Foreign Aid as percentage of GDP percentage	Net official development assistance and official aid received (current Billion US\$) US \$	GDP growth (annual %) percentage	GDP (current US\$)
2010	2%	2,933,209,961	2	177,165,547,829
2011	2%	3,714,360,107	3	213,587,517,188
2012	1%	2,017,410,034	4	224,383,544,087
2013	1%	2,194,469,971	4	231,218,467,670
2014	1%	3,615,820,068	5	244,360,858,683
2015	1%	3,764,020,020	5	270,556,104,886
2016	1%	2,961,110,107	6	313,629,998,960
2017	1%	2,364,310,059	4	339,205,536,454
2018	0%	1,386,989,990	6	356,128,167,703
2019	1%	2,009,719,971	2	320,909,472,926
2020	1%	2,591,290,039	(1)	300,425,609,206
2021	1%	2,698,300,049	6	348,262,544,719
2022	0%		6	376,532,751,807
Total		74,412,810,440		
Correlation of GDP and foreign Aid (1960-2021)			0.824084738	
Correlation of GDP and foreign Aid (1980-2002)			0.289280938	
Correlation of GDP and foreign Aid (2002-2011)			0.701817025	
Correlation of GDP and foreign Aid (2011-2021)			-0.308984823	
Correlation of GDP growth and foreign Aid (1960-2021)			-0.28036847	