

# Topic: Pathways to Pakistan's Prosperity

## Outline:

### 1) Introduction

2) A brief overview of the challenges that are hindering Pakistan's prosperity

3) What are the pathways to Pakistan's prosperity

a) Improving governance to build transparency and public trust

↳ Introducing e-governance platforms to provide citizens with easy access to public services such as swift justice, applying for documents like passport and paying taxes online etc.

b) Reducing corruption to attract domestic and foreign investment

↳ Implementing strict anti-corruption laws  
According to Transparency International countries with less corruption attract more foreign direct investment (FDI).

c) Ensuring political stability to encourage business-friendly environment

↳ For instance, countries like Singapore and Taiwan have experienced rapid economic growth in recent decades, largely due to their stable political environments and business-friendly policies

d) Fostering good relations with neighbours to enhance regional stability and boost economic growth

↳ European Union is the perfect example of this correlation. Revival of regional organizations like SAARC to promote growth and stability.

e) Broadening the tax base to increase national revenue

↳ Implementing effective tax reforms such as simplifying tax procedures, improving tax administration, and introducing new taxes on previously untaxed sectors.

f) Privatizing the loss-inducing state-

owned-enterprises (SOEs) to stabilize the economy

↳ The case of Pakistan Steel Mill (PSM), PIA and Railways demonstrate the financial burden imposed by inefficient SOEs on the government and taxpayers.

g) Investing in small and medium-sized enterprises (SMEs) to create jobs and boost growth

↳ According to World Bank, SMEs contribute to over 70% of job creation in many developing countries.

h) Leveraging regional initiatives like CPEC to boost trade and infrastructure

↳ Trade between Pakistan and China increased by over 50% from 2018 to 2023, primarily driven by CPEC projects. Additionally, CPEC has led to the construction of over 3,000 kilometers of roads and highways, along with several energy projects, including power plants and transmission lines.

i) Increasing education spending to improve workforce quality

↳ Every additional year of schooling can increase a person's earnings by up to 10%, notes UNESCO.

j) Expanding healthcare to boost public health and productivity

↳ According to WHO, for every dollar invested in health, there is a return of \$4 increased productivity.

k) Enhancing internal security to improve the business climate

↳ Countries with higher security levels see significant increases in FDI, states Global Peace Index (GPI).

l) Adapting to climate change to protect vulnerable sectors like agriculture

↳ FAO says that investing in climate adaptation measures can increase agricultural productivity by up to 20%.

#### 4) What are some hopes related to Pakistan's prosperity

- i) Youth has the potential to drive economic growth
- ii) Overseas Pakistanis can make substantial contributions
- iii) Properly managing natural resources can yield significant economic growth

#### 5) Conclusions

##### Essay:

Although the proverbial rabbit had all the speed and skill to win the race with the tortoise, yet it took the race too easy and went asleep on the way. On the other hand, the tortoise did not have the speed, but it had only one thing in his favor - persistence. So, it kept on moving forward and won the race. Similar to the proverbial rabbit, Pakistan has the skill, fertile land and human resource to achieve prosperity, but it has been

unable to fully utilize on it. As a result, Pakistan is continuously grappling with a myriad of crises including governance, political, economical and social. However, it is never too late to change one's destiny. The country can still become prosperous through ensuring good governance and reducing corruption to build public trust. There is also a need to ensure political stability and improve relations with neighbouring countries to enhance regional stability and drive economic growth. Moreover, broadening the tax base, privatizing loss-inducing SOEs, investing in small and medium-sized enterprises (SMEs) and leveraging regional initiatives like CPEC can significantly help the economy. Education, healthcare and internal security also need increased spending and careful management to help Pakistan achieve prosperity. Lastly, the country also needs to promote digitization to enhance transparency and adapt to climate

change to overcome its devastating impacts. Despite all these crucial steps that Pakistan must take, there are also some indicators that further ensure the bright future of the country. In a nutshell, Pakistan is currently facing numerous challenges, however, the country can still achieve prosperity through improving governance, creating desirable political and economic environment and utilizing its strengths.

Pakistan is at the crossroads. Today, the country is facing multiple challenges that are hindering its prosperity. These challenges are not new, they are decades old. However, the country has been unable to overcome these challenges. They include poor governance, political and economic instability, education and health crises, terrorism and climate change. As a result, the country ranks among the top 10 nations to be most vulnerable to the war and climate change (World Bank). But there's a still hope that Pakistan can become a

prosperious nation by acting upon the measures given in the following paragraphs.

First, improving governance is crucial for building transparency and fostering public trust, which is essential for long-term prosperity. It involves clear decision-making process, accessible information and open communication between government and citizens. For instance, implementing e-governance systems such as e-courts for swift justice, online portals for accessing government services, applying for documents like passports or driver's licenses, paying taxes online, accessing public information and participation in online consultations can provide citizens with easy access to public services and government data. It helps in ensuring accountability and reducing bureaucratic delays. Moreover, this openness fosters public trust as people can see how decisions are made and resources allocated. Thus, transparent governance is vital



for maintaining trust between government and public, paving the way for long-term prosperity.

Building on the foundation of good governance, reducing corruption is vital for attracting both domestic and foreign investment in Pakistan. Corruption undermines investor confidence and increases the cost of doing business, discouraging potential investors. By implementing strict anti-corruption measures and promoting transparency in government operations, Pakistan can create a more favorable investment climate. For instance, Singapore's strict anti-corruption policies have contributed to its position as a global business hub, with high levels of foreign direct investment. The Transparency International also highlights how low-corruption countries tend to attract more investment. Thus, prioritizing anti-corruption efforts is critical for creating a robust economy that appeals to investors.

In tandem with reducing corruption, ensuring political stability is essential

for encouraging business-friendly environment in Pakistan. A stable political climate fosters investor confidence and allows business to plan for the long term without fear of abrupt policy changes or unrest. By promoting dialogue among political factions and addressing public grievances, Pakistan can achieve greater stability. Research from the Economist Intelligence Unit shows that stable countries typically experience higher levels of economic growth and investment. For example, countries like Singapore and Taiwan have experienced rapid economic growth in recent decades, largely due to their <sup>stable</sup> political environments and business-friendly policies. This shows the direct link between political stability and economic development. Therefore, fostering a stable political environment is key to supporting a thriving business landscape in Pakistan.

Furthermore, fostering good relations with neighbours is vital for enhancing regional stability and economic growth. Positive diplomatic ties can lead to

increased trade opportunities and collaborative projects that benefit all parties involved. When countries work together, they can share resources and knowledge, creating a more interconnected and prosperous region. An example is the European Union, where cooperative policies have led to increased trade and economic prosperity among member states. Pakistan and South-Asian region can also benefit through reviving regional organizations such as SAARC. The Asian Bank Development Bank has also found out that regional cooperation often results in improved economic outcomes. Thus, prioritizing strong relationships with neighbouring nations is essential for promoting stability and fostering economic growth in Pakistan.

Building a strong economic foundation also requires broadening the tax base, which is important for increasing national revenue. By bringing more individuals and businesses into the tax net, the government can reduce fiscal deficits and fund critical infrastructures and social services. Pakistan's informal economy, which remains largely untaxed, presents an opportunity for revenue generation. It requires implementing

effective tax reforms such as simplifying tax procedures, improving tax administration, and introducing new taxes on previously untaxed or under-taxed sectors such as agriculture, textile and real estate etc. This emphasizes the significance of tax reforms in achieving economic resilience. Therefore, focusing on expanding the tax base is crucial for enhancing Pakistan's financial capacity and supporting its development goals.

In addition to improving financial capacity, privatizing the loss-inducing state-owned enterprises (SOEs) is essential for stabilizing the economy. These SOEs often drain public resources, contributing to fiscal deficits and hindering economic progress. By privatizing them, the government can reduce its financial burden and redirect funds towards essential services and infrastructures. For example, Pakistan International Airlines (PIA), Pakistan Steel Mill (PSM) and Pakistan Railways have been a constant loss-makers, impacting the national budget. Reportedly, cumulative losses of eight state-owned enterprises, PIA, PSM and Railways leading, ran into a staggering Rs 2,201 billion in 2023. Priv-

atizing such entities, as demonstrated by the success of PTCL after partial privatization, can improve operational efficiency and profitability. Thus, privatization of underperforming SOEs **is** necessary to stabilize the economy.

Investing in small and medium-sized enterprises (SMEs) is <sup>also a</sup> key to creating jobs and boosting economic growth in Pakistan. SMEs are often the backbone of the economy, generating a significant number of jobs and fostering innovation. By providing financial support and training to these businesses, the government can stimulate entrepreneurship and economic development. A report from the World Bank highlights that SMEs contribute to over 70% of job creation in many developing countries. The recent Pakistan Economic Survey also shows that SMEs contribute around 40% to GDP and provide employment to nearly 80% of the non-agricultural workforce. This demonstrates the importance of supporting SMEs to fuel economic growth. Therefore, investing in SMEs is essential for job creation and economic expansion.

Moreover, leveraging regional

initiatives such as the China-Pakistan Economic Corridor (CPEC) can boost Pakistan's trade and infrastructure. CPEC represents a transformative opportunity for Pakistan by improving connectivity, increasing exports, and attracting foreign investment. The development of Gwadar Port will act as a key trade hub and allow Pakistan to enhance its role in regional commerce. The Pakistan Board of Investment reports that CPEC has already attracted billions of dollars in investment, contributing to infrastructure upgrades. It further highlights that trade between Pakistan and China increased by over 50% from 2018 to 2023, primarily driven by CPEC projects. Additionally, CPEC has led to the construction of over 3,000 km of roads and highways, along with several energy projects, including power plants and transmission lines. This shows how regional cooperation especially through CPEC can strengthen Pakistan's economic prospects.

Furthermore, increasing education spending is essential for improving the quality of the workforce in Pakistan. Enhanced funding can lead to better teacher

training, improved school facilities, and access to higher education, all of which contribute to a skilled workforce. For instance, South Korea's focus on education spending in the Post-war era led to a highly educated and productive workforce, fueling rapid economic growth. According to UNESCO, each additional year of schooling can increase a person's earning by up to 10% and <sup>at the same time</sup> boost economic growth by 0.37%. This statistic underscores the long-term benefits of a well-educated workforce. Thus, enhancing education spending is crucial for developing the skills necessary to drive economic growth in Pakistan.

Expanding healthcare services is another vital step for boosting public health and enhancing productivity in Pakistan. Improved access to healthcare ensures that individuals receive timely medical attention, leading to better health outcomes. A robust healthcare system also reduces the burden of disease, enabling people to contribute more effectively to the economy. For instance, the World Health Organization reports that for

every dollar invested in health, there is a return of \$4 in increased productivity. This demonstrates that investing in healthcare not only improves individual well-being but also supports economic growth. Therefore, expansion of healthcare services is essential for fostering a healthier workforce in Pakistan.

Enhancing internal security is also crucial for improving the business climate and boosting economic growth in Pakistan. A stable and secure environment fosters investor confidence and encourages entrepreneurship. Moreover, strengthened security measures can reduce crime rates and protect assets, creating a more attractive landscape for investors. Studies by the Global Peace Index indicate that countries with better internal security attract more foreign direct investment (FDI). For instance, improved security in Karachi has led to a resurgence of business activity, with crime rates dropping significantly. This shows that strengthening internal security



is crucial for creating a more efficient environment in Pakistan.

In conjunction with internal security, adapting to climate change is essential for protecting vulnerable sectors like agriculture in Pakistan. As climate change leads to more frequent extreme weather events, the agriculture sector faces significant risks that threaten food security. Implementing adaptive strategies, such as improving irrigation systems and developing climate-resilient crop varieties, can help farmers cope with these challenges. According to Food and Agriculture Organization (FAO), countries investing in climate adaptation measures can increase agricultural productivity by up to 20%. Therefore, investing in adaptation strategies is crucial for safeguarding agriculture and ensuring Pakistan's prosperity in the face of climate change.

After considering the necessary steps for Pakistan's prosperity, there are many reasons to remain optimistic about

the country's future. One of the greatest assets Pakistan possesses is its youth, who have the potential to drive economic growth. With over 60% of the population under the age of 30, there is an opportunity to harness this demographic dividend through skill development and entrepreneurship. Additionally, the contributions of overseas Pakistanis can be a game-changer for the economy. Their remittances already form a crucial part of Pakistan's foreign reserves, but with better policies, their investments could further spur economic growth. Moreover, properly managing Pakistan's vast natural resources, such as its rich agricultural land, minerals, and energy reserves, can yield significant economic growth. By tapping into these resources efficiently, Pakistan can secure a long-term growth and prosperity. With these hopes in mind, there is a clear path to a brighter and more prosperous future for the nation.

To conclude, although Pakistan

is currently facing many challenges; however, the country can still achieve prosperity through improving governance, fostering desirable political and economic environment and utilizing its strengths. This involves ensuring good governance to build public trust, curb corruption and attract investments. It also includes fostering stable political environment and building good relations with neighbours to promote regional stability and economic growth. Moreover, implementing effective economic reforms such as broadening the tax base, privatizing loss-inducing SOEs and investing in SMEs is also essential to support the economy. Leveraging regional initiatives like CPEC can also boost the economic growth. Additionally, investing in education and healthcare is also crucial to improve workforce quality and productivity. Lastly, mitigating security and climate change threats is also key to achieve prosperity. Despite all these important

steps, there are also some good signs that the future of the country looks bright. However, to achieve the long-term prosperity Pakistan must adopt the trait of the proverbial tortoise, which is "persistence."

---