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## PART # II

### 4) Introduction:

Climate change has become a major threat to socio-economic growth of Pakistan. Pakistan is in the top 10 countries most vulnerable to climate change, according to climate risk index. It poses economic challenges in form of infrastructure destruction, water crisis, rehabilitation cost and increasing food insecurity. It can be overcome by inculcating climate change in development agenda. By enabling loss and damage fund, Afforestation and building resilient and sustainable urban centres, Pakistan can overcome the economic challenges posed by climate change:

### 4) Climate Change as a Threat to economy of Pakistan:

### a) Massive losses due to natural disasters:

Natural disasters, induced by climate change, has result in destruction of fields, infrastructure and rural centre, resulting in heavy losses. According to Planning Commission of Pakistan, total losses of 2022 Flood are \$30 billion dollar.

### b) Climate Induced Water crisis:

Pakistan is dependent on the snow cover of Himalayas and Karakoram. Due to changing climate the snow is melting rapidly and decrease in annual snow fall is expected. International Integrated development of mountains says that snow cover of

Himalayas has been lowest in past 22 years, which shows the impact on water cover for Pakistan.

#### c) Rising Food Insecurity due to climate change:

Agriculture sector is negatively impacted, by decrease in yield. Heat waves and unexpected natural disaster has led to food insecurity in Pakistan. Heat waves of 2022 led to decrease of 20% in output of wheat.

#### d) Huge Rehabilitation Cost:

The rehab cost of destruction after natural disaster, induced by climate change, are burdensome for Pakistan economy. According to Planning Commission,

Pakistan requires \$30 billion to rehab and reconstruct the damage incurred due to 2022 Flood.

e) loss of Productivity due to climate change.

Climate change negatively impacts productivity. It leads to health crisis and low agriculture output, resulting in low productivity.

f) Infrastructure destruction due to disasters:

The climate enabled disasters destroys the infrastructure, critical for economic flow of the country. This lead to disconnection of major Urban and industrial cities from the rest of the country.

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B) Way forward to counter Economic Threats of Climate Change:

a) Development of Climate Resilient Infrastructure:

Pakistan should prioritise development of climate resilient infrastructure. For instance, development of **Sponge cities** as developed by China, to overcome the phenomenon of flooding. Moreover dams must be developed to not only overcome flooding but also ensure water storage.

b) Development of climate resilient seeds:

To overcome the crisis of food insecurity, Pakistan must develop climate

resilient seeds, in order to avoid yield drop.

c) Population management a way to counter climate change:

One of the major causes of climate change is rising population of Pakistan. Pakistan must ensure proper management of population through awareness campaigns and population planning actions.

d) Enabling loss and Damage Funding:

Land D fund formed in COP 28 for funding destruction caused by climate change. Pakistan must involve in robust diplomacy to ensure

Flow of fund from the  
Loss and damage fund.

### e) Revamping and Modernizing National Disaster Management:

Disaster management should  
be modernize with greater  
focus on mitigation and  
response. This will overcome  
losses on both human and  
economic level.

### f) Inculcating climate sustainability in wider Economic Development:

The  
future development projects  
must be shaped in a  
way that it adopt  
sustainable practices. Norway's  
Green Development Agenda  
can be a case study to  
ensure development and  
sustainability.

## g) Development of Green Urban Centres:

The Urban Centres of Pakistan are one of the largest emitter of waste and carbon. These centre should be revamped to Green Urban centre, achieving growth and carbon neutrality at the same time.

## g) Conclusion:

The climate change is indeed an economic threat to the country. It induce destruction at mass scale, lower crop yield and productivity. To overcome it, Pakistan must develop urban green centre, resilient infrastructure and enable Loss & Damage fund.



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Q#8: Answer:

### Introduction:

Pakistan have a history of unstable economy. It gone through phases of growth followed by myriad of challenges. Pakistan's economic plight consists of lack of reform and resolving structural flaws. Pakistan didn't develop inclusive taxation systems, industrial base and never fully realise its geo-strategic location. Pakistan's import substitution model has led to growth stagnation. until, Pakistan resolve its internal crisis economic growth and development will remain elusive.

A) Pakistan's Economic Plight in Term of Given Statement:

### a) Pakistan's overdependence on Foreign Aid:

Historically, Pakistan remained a strategic US ally. Due to cold war and, later, WTO dynamics, Pakistan received huge amount of aid. This has created dependence on aid without developing local agricultural, industrial or taxation base has led to economic misery.

### b) Lack of development of inclusive taxation system:

Pakistan has low tax to GDP ratio. According to SBP of Pakistan, tax-to-GDP ratio stands at 9%. This has led to high public debt, to finance budget. Moreover, it is also

regressive in nature, which favour the elite class. Pakistan has to adopt inclusive taxation to overcome its economic crisis.

### c) Alternative Boom and Bust cycle:

Pakistan is going through cycles of Boom, economic growth, followed by a Bust, economic meltdown. This is one of the major reason of Balance of Payment crisis.

### d) Lack of policy continuation:

Due to political instability, policy continuation is not possible. This creates distrust among investors and they become wary of Pakistan market, resulting in loss of

FDI.

### e) Structural Flaws in Energy system of Pak.:

Energy system works as a backbone of any economy. Pakistan have an inefficient energy sector, which is a hurdle to industrialization in the country. Pakistan produce one of the most expensive energy in the region.

### f) Import substitution model: a recipe for economic stagnation:

For decades, Pakistan is working under Import substitution model. This is based on closed economy model. All the regional rising powers like India, Vietnam and Thailand

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has open their markets to the world, by liberalization of economy, resulting in economic growth. While Pakistan is facing stagnant growth with high unemployment and poverty.

g) Pakistan never realise its geo-strategic location:

Pakistan is located in the centre of central Asia, South-Asia and Middle East.

This provides huge potential of transit trade and industrialization. However, due to lack of political stability and visionary leadership Pakistan never fully realized its potential.

Never Fully implement

a homegrown economic plan:

Although Pakistan has developed various economic plans in the past, it never fully implemented its plans. This has created dependence on foreign players and ~~the~~ consultancies, who have no knowledge of local socio-economic dynamics.

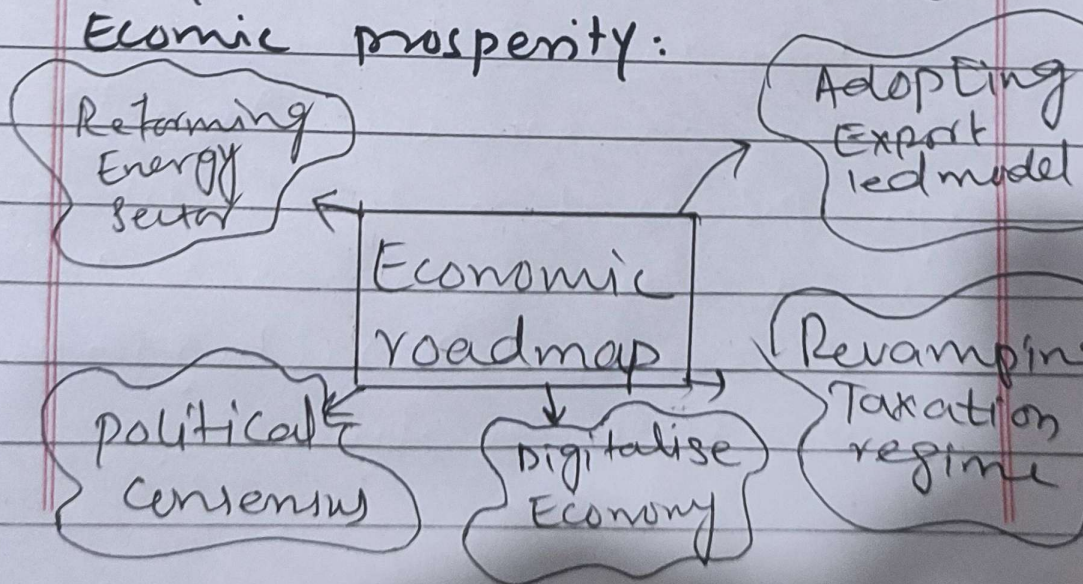
i) Lack of Political Consensus:

For continuous economic growth, consensus among political players on fundamental economic structure is essential. Amid high polarization in Pakistan politics, this consensus has never reached, resulting in policy discontinuation.

## I) Lack of strong and dynamic industrial base.

Pakistan never fully develop its industrial sector. Amid closed economy and political instability, the industry of Pakistan languishes in low productivity and lack of technology. Industrial production is essential to compete in international market, but due to lack of it, Pakistan cannot achieve economic progress.

## B) Way Forward To achieve Economic prosperity:



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## Conclusion:

In conclusion, the economic meltdown of Pakistan is due to lack of political stability, inclusive taxation, efficient energy market and lack of dynamic industrial base.

~~This~~ To overcome the economic stagnation, Pakistan must adopt export led model, revamp taxation regime, reform energy market and build political consensus.

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