

Q05:

I, INTRODUCTION

Pakistan's journey for cohesion has been marked by numerous challenges within diverse domains. This ranges from economic, political and administrative concerns that undermine national autonomy and weaken federal cohesion. Rising debt, twin deficit crisis, lack of proper dissolution, inefficient resource allocation and corruption in governance all play respective roles in undermining sovereignty of Pakistan.

II. POLITICAL FORCES UNDERMINING COHESION

(i) Extreme polarisation within political sphere

The divide between the

country's leadership is driving extreme polarisation in the population. This is evident within the surge of protests against the state by supporters of political parties.

(ii) Patronage politics and resulting elite capture undermines cohesion

Patronage politics is rampant within the nation. The country suffers from elite capture and small segment controlling majority resources. Less than 1% of the population controls 40% of the nation's wealth according to a dawn report.

(iii) Corruption and instability prevents unity in reforms

Pakistan is ranked low in transparency due to presence of corruption and opacity in political

realm. According to IMF Diagnostic Report (2025), Pakistan loses 6-7% of GDP to corruption

(iii) III. ECONOMIC FORCES DEEPENING DISPARITIES

(i) Low investments driving low growth, weakening cohesion

Pakistan has an unfriendly investment climate. Presents high risk, preventing any foreign direct investment. The Investment - GDP - ratio stands at 12%, which is very low.

(ii) Twin-deficit drives inflation, deepening crisis and division

Pakistan suffers from both a Balance of Payment crisis and a fiscal deficit.

Persistent pressures erode productivity, increases poverty and thus harming cohesion. Pakistan has consistently posted a current account deficit for

the last 5 years according to State Bank figures.

(iii) Low foreign currency reserves depreciate exchange rate, creating instability

Amid low foreign reserves and massive reliance on remittances for reserve currency, there is a constant downward pressure on the rupee. Pakistan's foreign reserves are mainly driven by remittance, amounting to \$38 Billion for FY 24-25.

IV. ADMINISTRATIVE FORCES IMPACTING COHESION

(i) Absence of devolution harms governance efficiency, weakening cohesion

Pakistan has a local government system but absence of devolution has made it harder to efficiently run at the local level.

Punjab passed its Local Government

Act of 2025, a step in the right direction, but not implemented yet.

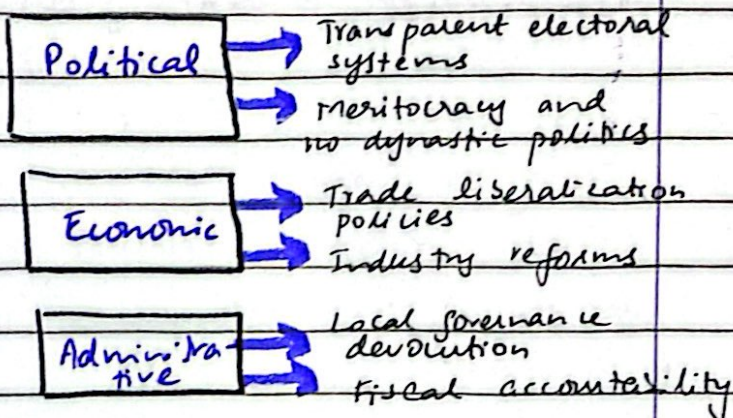
(ii) Inefficient bureaucratic model matted with red tapism, creates hardships.

The Bureaucratic model of government is filled with red tapism and long service delivery times. It remains slow in responding to changes. Pakistan has one of the most inefficient and over-staffed governance model according to IMF report.

(iii) Politicized administrative system increase opacity, weakening cohesion of systems

Pakistan's governance system is constantly upended and affected by political forces. This creates opacity in working, deepening distrust. Transparency International report places Pakistan as high on the list of non-transparent regimes and corruption.

V. LESSONS TO BE DRAWN TO PREVENT ALIENATION



(i) Transparent electoralates to uphold rights in democracy

Pakistan stands low in the Governance and transparency dynamics. Proper electoral rights and upholding systems will ensure rights of all people upheld.

(ii) Dissolve dynastic politics and bring meritocracy

In order to promote the meritocracy in systems, dynastic politics needs to be disowned, and grassroots leaders promoted to ensure cohesion of people.

(iii) Trade liberalization regimes amid native protectionism to drive growth

Trade liberalization will allow economic growth and improve export dynamics. This will ensure cohesion by providing incomes and stability.

(iv) Taxation system reforms to reduce inequalities

Current systems outdated and require modernised approach. 1% of population provides income tax, highlighting deficiencies.

(v) Devolution giving representation at local level

Proper devolution will improve service delivery at tehsil level and help drive better governance.

(vi) Fiscal accountability and monitoring systems

The budgets within

administrative spending needs to be transparent to improve outcomes and ensure accountability to improve cohesion.

VI. Conclusion

Pakistan remains marked by challenges to its political, economic, and political systems. Efficient policy making and accountability measures will ensure cohesion is maintained.

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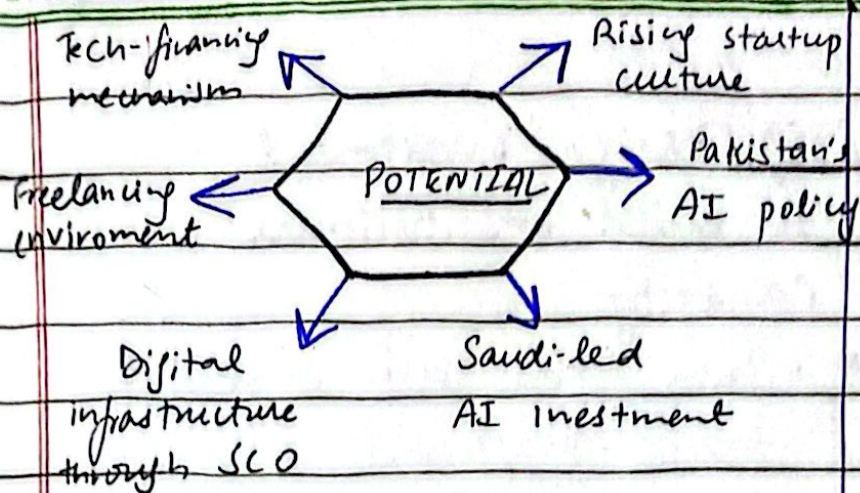
I. INTRODUCTION

Technological innovation remains at the center for development of any country. Pakistan carries immense potential in this regard.

The International AI boom, local development infrastructure, increasing role of services sector in GDP and one of the largest freelancing population highlight the means to achieve growth by leveraging technology. This is further complemented by international cooperations through organizations and diplomatic channels.

II. PAKISTAN'S POTENTIAL TO ACHIEVE DEVELOPMENT THROUGH REFORMS

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(i) National AI policy acknowledges trend

Within policy, Pakistan has already taken a start with its National AI policy. This includes aspects to train 0.7 million individuals in the domain of AI and produce jobs.

(ii) Digitization and upgradation policies for growth

Pakistan has also ~~up taken~~ undertaken new digitalization laws and policies. This is crucial in regulating and formalizing different sectors of economy. By digital firewall upgrades, government intends to make fintech development more secure.

(iii) Foreign investment to build institutional capacity

Pakistan has been associated with foreign investment within the technology sector. Saudi led investment in AI hubs development, signals a move towards growth guided by technology.

(iv) Multilateral frameworks for driving tech collaboration

The Shanghai Cooperation Organization (SCO) which Pakistan is part of, is aiming to invest within digitization programs. Huawei Digital Silk route, aims to improve tech infrastructure in countries, presenting opportunities for Pakistan.

(v) Rising Startup

Culture as an accelerator for tech-led growth

Pakistan has seen a significant rise in startup environment, with new

companies and seed money inflows. Companies like airlift and UBER serve as a move towards innovation,

(vi) Large free lance market serves as a means of tech service exports. Pakistan's service industry is ~~booming~~ warming up with its share in the GDP. By formalizing and incentivizing tech service exports, Pakistan can drive its economy. The case study of India remains integral, which has a booming services sector, funded by foreign inflows.

(vii) E-governance frameworks in a bid to increase efficiency. Pakistan has done some work in integrating e-governance model through portals and online documentation. While currently limited at federal level,

presents an opportunity for growth. Estonia's fully digital governance presents a case study for implementation.

(viii) Tariff rationalization and liberalization to promote tech imports

The inclusion and import of capital in the form of technology is essential to drive growth. Current policies inhibit access to capital, making upgradation difficult. Highest tariffs in South Asia inhibits import of technology for development.

III. CURRENT INHIBITORS OF GROWTH

(i) Insecurity and instability of policies

Non-consistent policy making stands as a threat to foreign inflows and investment. It prevents investment in technology.

(ii) Opacity with institutions and led-tapism

Significant hurdles exist within institutional frameworks matted with complexities.

It makes tech led digitization difficult to implement.

(iii) Political reluctance towards tech-enabled environments

Increased digitization and tech enabled systems promote transparency and openness.

This may relieve reluctance from some quarters, thus facing reduced compliance and support.

(iv) Infrastructure challenges amid financial crunch

Constant economic challenges prevent investment and shares towards tech development. Sole reliance on foreign donors inhibits proper development of a tech-enabled environment.

(V) Education and awareness missing to inform growth

Amid constant brain drain and educational inefficiencies, future populations and human capital lacks the capacity to drive country towards technological growth.

IV. Conclusion

Pakistan has taken several measures to induce technological growth and improve investment environment. This includes both policy and institutional reforms. However, problems persist in the domains of economic challenges and lack of capable human capital. Until issues are resolved, Pakistan may not be able to utilize technological economic growth.