



TRADE AND INVESTMENT ADVOCACY FUND



Political Economy Analysis for FCDO's JET-PAK: Phase 1 and 2

Consortium for Development Policy Research (CDPR)

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SAANA
CONSULTING

Research Motivation and Overview

- Variation in Pakistan's economic performance across different time periods
 - Policy advice largely uniform since the 1980s
 - Uptake is inconsistent;
 - Growth remains caught in boom-and-bust cycles

Priority Sectors

Phase 1

- Livestock
- Readymade Garments
- Auto Parts
- ICT
- Horticulture

Phase 2

- Chemical and Plastics
- Road Transport and Logistics
- Pharmaceuticals
- Household Linen
- E-Commerce

Methodology: Tiered Analysis

- Uncovering the political economy of growth: 4-tier analysis
 - Investment Climate Constraints – structural factors shaping economic activity
 - Institutional Tier -> Sectoral policy landscape
 - Political Economy Interaction - > How actors engage with sectoral policies
 - Reform Pathways – Extant alignment of stakeholders and possible pathways for reform

- Sector Report Methodology
 - Desk review – economic baseline
 - Stakeholder identification
 - Interviews
 - Actionable Analysis

Constraints to Sectoral Growth

Table 1: Summary of the horizontal factors constraining sector growth performance

Sector	Macroeconomic Fiscal Mismanagement	Corruption and Rent-Seeking	State Predation	Insulated Decision-Making	Associational Imbalances
Livestock					
Garments					
ICT					
Auto-parts					
Horticulture					
Chemicals/Plastics					
Pharmaceuticals					
Transport/Logistics					
Bed Linen					
E-Commerce					

Key Findings – Structural and Institutional Constraints

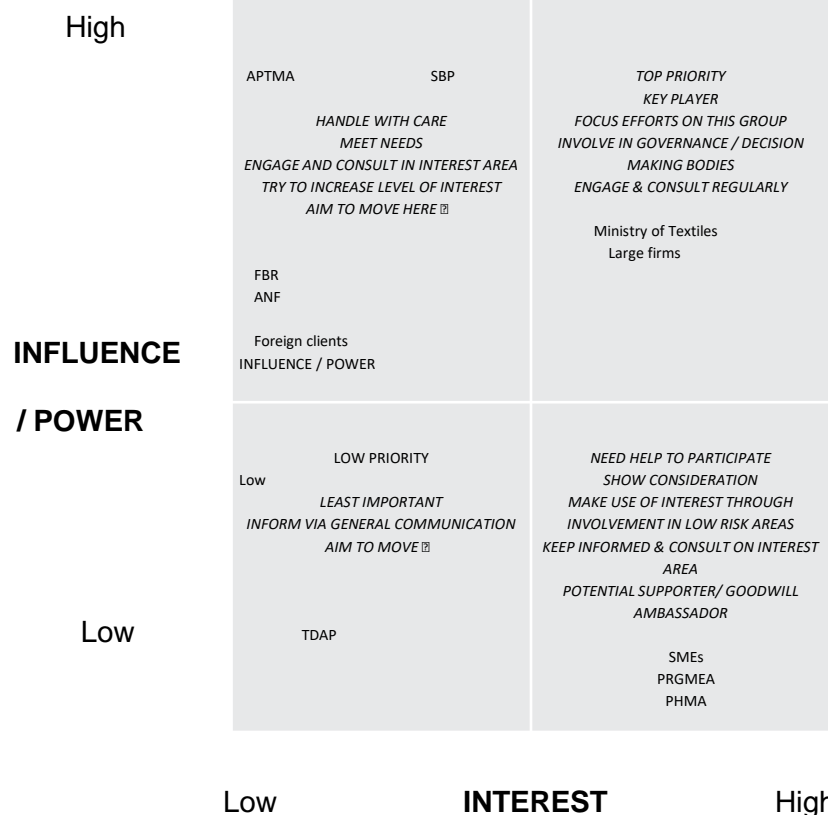
- Imprudent Macroeconomic Management
 - Fragmented rent-seeking environment
 - State revenue and expenditure policies produce distortions in macroeconomic fundamentals
 - Stabilization efforts worsen short-term growth prospects
 - Cross-sectoral impact
- Extensive State Regulatory and Administrative Involvement
 - Price controls, licensing regimes, SROs distort competitiveness

Key Findings – Sectoral Political Economies

- Multi-tier corruption (auto-parts, chemicals, pharma)
- Bureaucratic predation (livestock, pharma)
- Insulated and ad-hoc decision making (garments, ICT, logistics)
- Associational Imbalances (Linen, E-Commerce, Horticulture)

Alignment and Pathways for Reform

- Developed with desk review and interview data
- Example: Garments sector



Key Findings: Opportunities for Transformation

- Politics of ruling dispensation
- Government commitment
- Dynamic entrepreneurship in new sectors
- Pressure of performance-based legitimacy

Conclusion

- Differential Impact of COVID-19
- High Priority Sectors: Horticulture, E-Commerce, ICT, and Pharma
- Low Priority Sectors: Transport/Logistics, Chemicals and Plastics, Auto Parts



Thank you

