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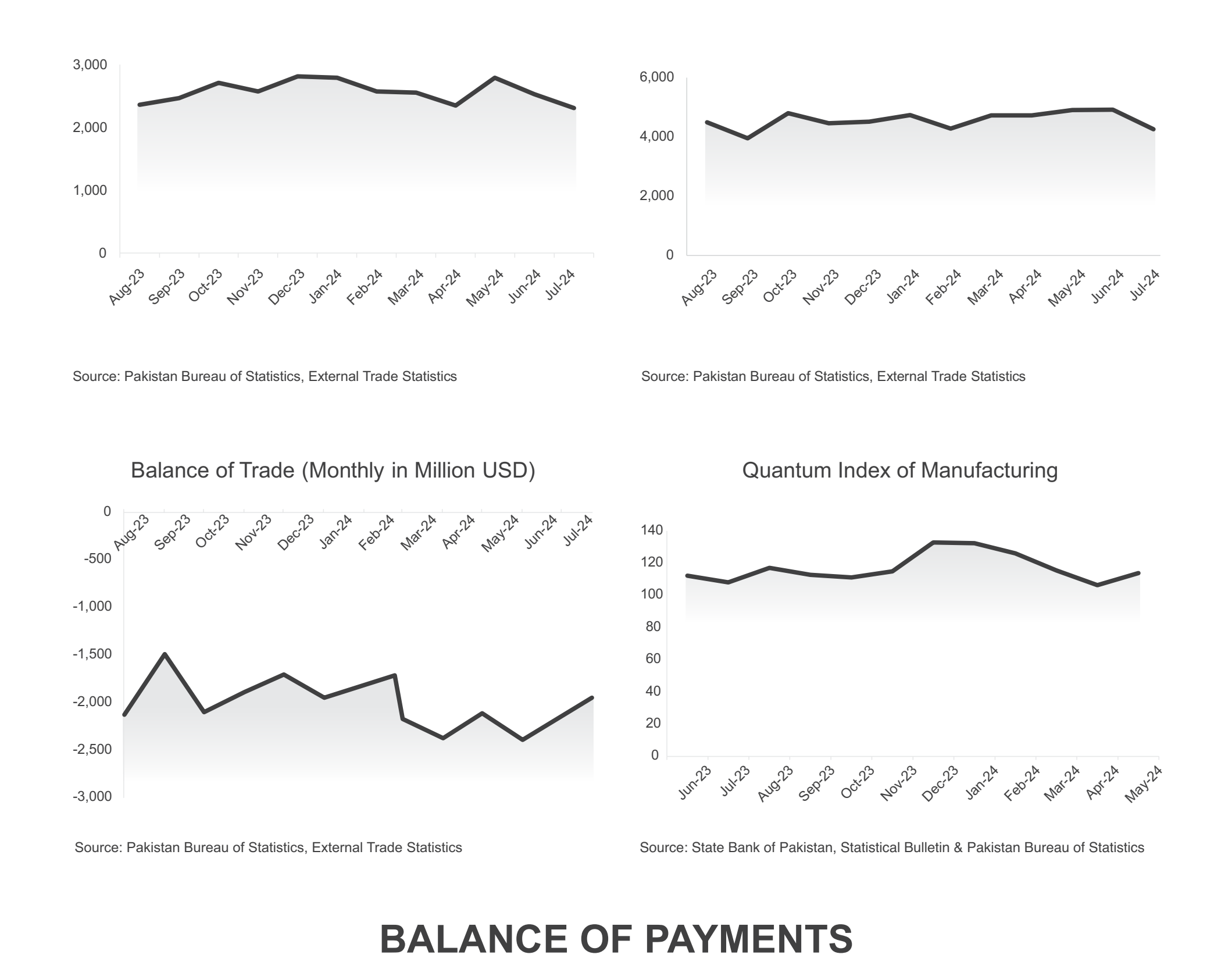
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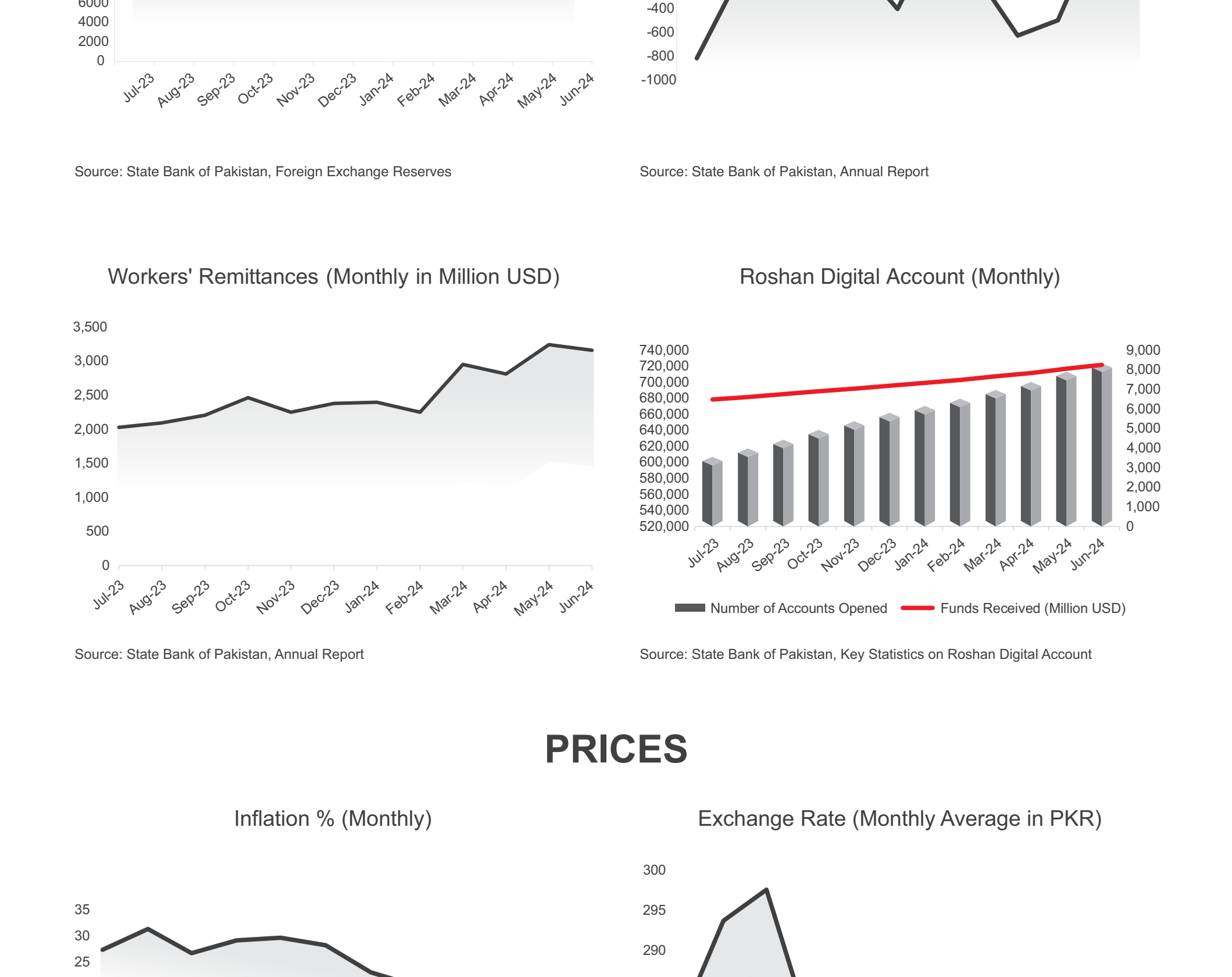
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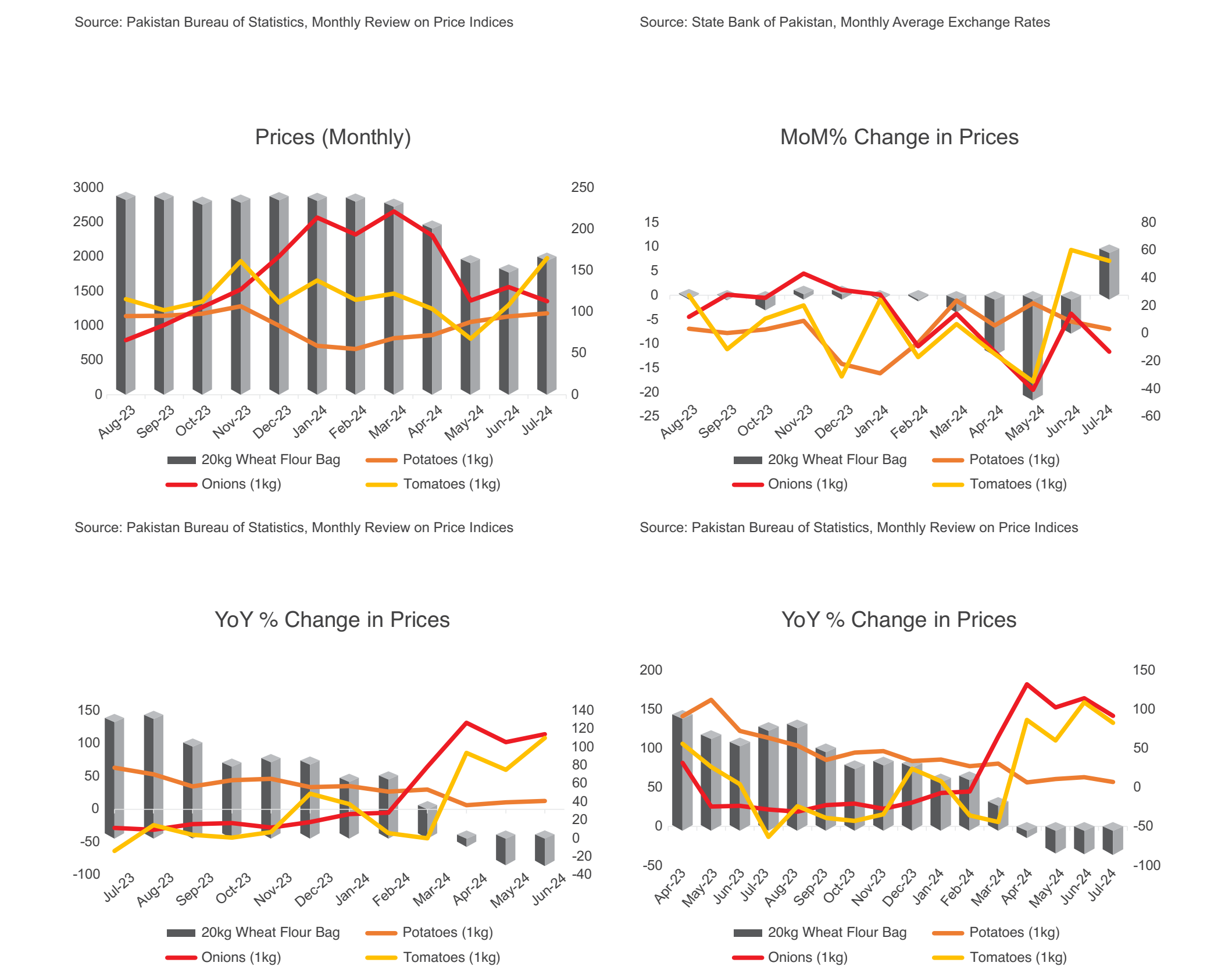
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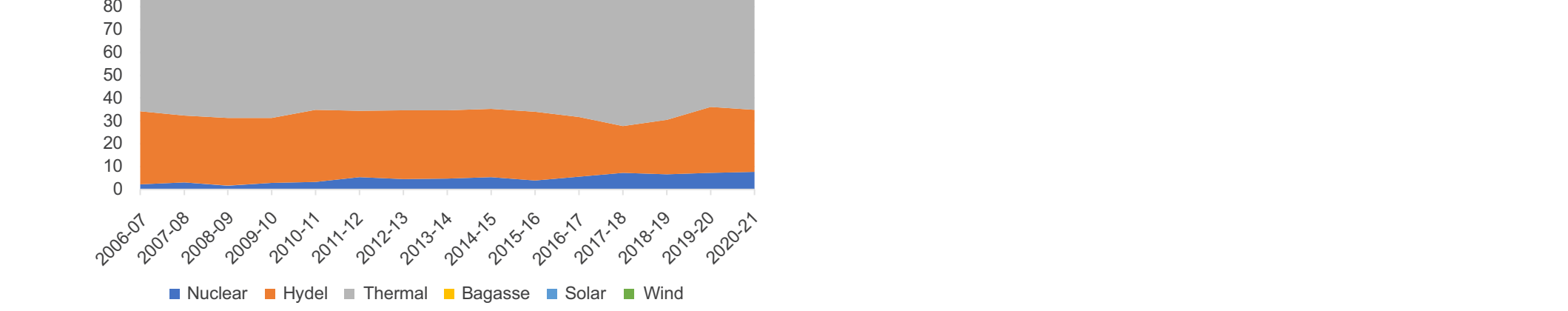
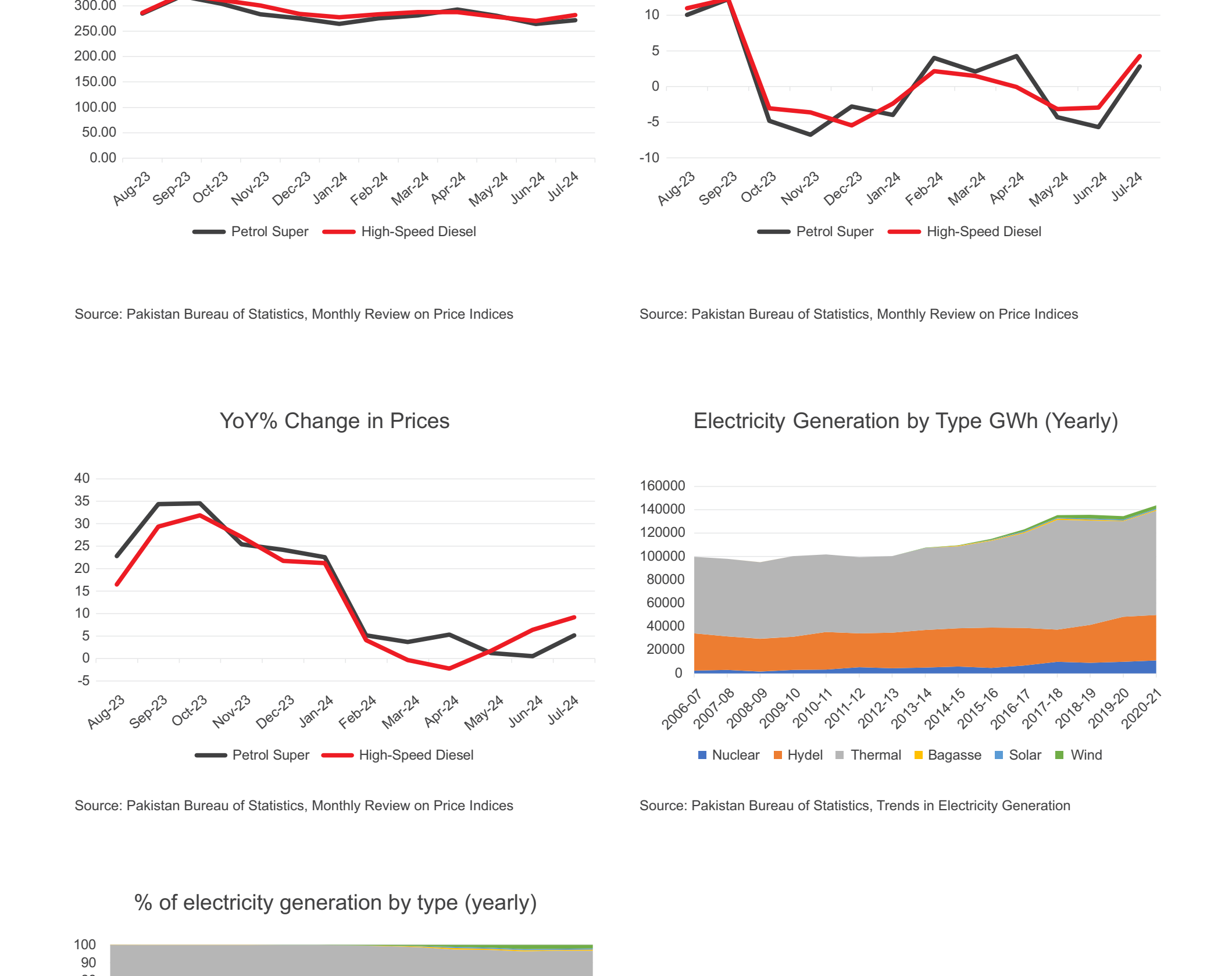
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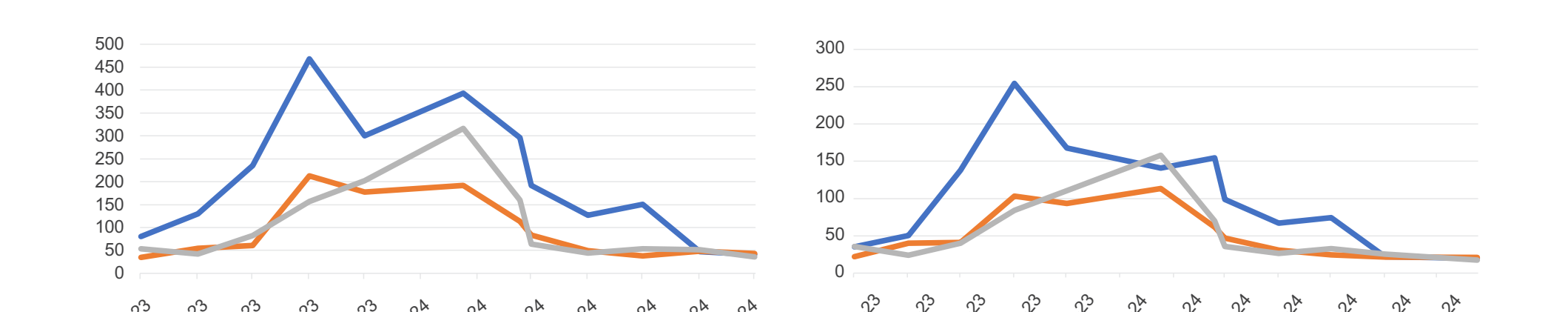
PRICES



ENERGY



AIR QUALITY



INSIGHTS FOR CHANGE

CDPR and IGC's 'Insights for Change' series attempts to take an analytical approach to devising action-oriented policy solutions. They are authored by economists and practitioners who are experts in their field.

Deferred Dreams: Global Perspectives on Pension Dreams

This month's Insights for Change article was the second in a series on navigating Pakistan's pension crisis. While the first piece analysed the unsustainable growth trajectory of pension expenses, this article explores international successful pension reforms, extracts key lessons, and proposes broad contours for Pakistan to overhaul its pension framework. It also highlights global best practices from countries such as Netherlands, Iceland and Denmark, and proposes recommendations for reforming Pakistan's pension system.

The author, Hasaan Khawar, is a former civil servant, public policy, and international development expert.

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POLICY ANALYSIS

Pakistan's External Debt: Trends, Outcomes and Outlines

This research was a collaboration between the Consortium for Development Policy Research (CDPR) and Finance for Development Lab, Paris School of Economics. The principal investigators included Farukh Iqbal (former Director of the Institute of Business Administration, Karachi) and Ijaz Nabi (Executive Director, CDPR, Country Director, IGC Pakistan).

Over the last fifteen years, Pakistan has experienced a series of macroeconomic crises, including shortage of foreign exchange with which to service external claims. This has been followed by a pattern of obtaining new loans that provide temporary relief. In recent years, much of the additional debt has been used to service existing debt claims rather than to fix underlying problems that might lead to an eventual decrease in the need for debt. This paper takes a deeper look at the evolution and composition of Pakistan's external debt and economic outcomes, highlighting aspects that bear on the sustainability of the debt.

Findings of the paper highlight that Pakistan's relatively higher growth, investment and export performance in the period between 1960-87 compared to 2000-2022 can be attributed to a robust public investment program which helped crowd in private investment in the earlier years. Additionally, overall GDP growth was strong as reflected in productivity-led growth in agriculture (green revolution) and establishment of large-scale manufacturing. The export growth, led by textiles, was also impressive. However, this was not the case in the more recent phase of high external finance, which was characterized by a downward trend in economic indicators such as investment, exports and overall economic growth.

The paper offered some hypotheses to explain why this happened. These included evidence that dissipated policy energy because Pakistan became a security state, rigidity of public expenditure and elected governments' weak political mandate to address it, the Dutch Disease syndromes associated with high remittances and external finance inflow, and Multilateral Development Banks' lending practices under which a higher proportion of loans ended up supporting consumption rather than public investment. The dissipation of policy energy, the repeated balance of payments crises and the design of IMF programs to address them, narrowed the fiscal space to counter the Dutch Disease and promote a competitive economy. This resulted in export stagnation and erosion of debt servicing capability.

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LET'S TALK DEVELOPMENT

CDPR and IGC's podcast series called 'Let's Talk Development' is about understanding Pakistan's crucial economic and development problems. We engage experts in exploring critical development issues and trends in Pakistan.

Tale of Two Countries: Pakistan & Bangladesh

In 1972, at the time of its formation Bangladesh had to start from virtually ground zero, with little to no resources and labour power at its disposal. However, it has now overtaken Pakistan's growth levels on several indicators. Dr. Sadiq Ahmed and Dr. Ijaz Nabi talk about the development journey of Bangladesh by highlighting the big turning points and the lessons Pakistan can learn from its success story.

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FELLOWS' ARTICLES

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