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## Lessons from the “Champions of the 21st Century”

### Executive Summary

Pakistan stands at a critical juncture. Where the National Security Policy (NSP) envisions a pivot to ‘cooperative geo-economics,’ the country’s decision-makers face a perennial implementation paradox. Despite a consensus on the need for reform, structural governance issues and a lack of political will have stalled progress, leaving policy-makers unable to break through bureaucratic logjams.

This brief presents findings from the “Champions of the 21st Century” project, which analyses countries in the Global South that achieved over 450% GDP growth between 2001 and 2020. By examining the specific economic, political, and social factors used by seven distinct “Champions” – China, Vietnam, Myanmar, Ethiopia, Bangladesh, Indonesia, and India – this brief offers evidence-based strategies to overcome the inertia holding Pakistan back. The goal is to move beyond standard prescriptions and identify the operational “how” that allowed peer nations to succeed where Pakistan has lagged behind.

### The Context: Pakistan’s Implementation Crisis

The genesis of this study lies in the observation that while Pakistan possesses exceptional potential, it has been sur-

passed by peers like India, Bangladesh, and Vietnam, who have transformed into economic powerhouses.

- **The Problem:** Pakistan’s policy landscape is characterised by an abysmal implementation track record. Even well-intentioned policymakers are frustrated by deeply entrenched perverse incentive structures.
- **The Gap:** Standard prescriptive analyses calling for ‘better governance’ or ‘transparency’ seldom work in practice.
- **The Opportunity:** The NSP offers a clear vision; to actualize it, Pakistan requires ‘out of the box solutions’ derived from comparable cases that successfully navigated similar bottlenecks.

### Comparative Analysis: Mechanics of Success

The project examined seven countries that met the criteria of >50 million population and >450% growth. The analysis reveals that success was not dependent on a single political system but on specific, actionable reforms across three pillars.

## i. Economic Engineering: Crisis as a Catalyst

Data indicates that for many “Champions,” reforms were not organic but forced by crisis or a deliberate break from failure.

- **Trigger Points:** India’s reforms were born from a Balance of Payments crisis and the Soviet collapse; Vietnam shifted due to the failure of central planning; China pivoted to integrate into the global economy.
- **Fiscal Discipline:** Successful countries aggressively broadened tax bases. Bangladesh digitised tax collection, while India implemented cross-checking mechanisms to reach ‘hard-to-tax’ factions.
- **Financial Sector Revamp:** A common thread is the reduction of state dominance. Vietnam allowed foreign investment in banking; India abolished industrial licensing and reduced public sector industries; Ethiopia and Myanmar granted autonomy to their Central Banks.

## ii. Political Drivers: Decentralisation and Continuity

Contrary to the belief that only authoritarianism yields growth, the data shows that policy continuity and decentralisation are the true drivers.

- **Devolution:** China empowered local governments with control over revenue and expenditure, creating competition for growth. Ethiopia utilized ethnic federalism to manage diversity while driving development.
- **Policy Continuity:** Vietnam and China utilized one-party systems to ensure long-term planning, while democratic India and Indonesia relied on ‘consensus on economic logic’ across regime changes to maintain momentum.

## iii. Social Dynamics: The Human Capital Foundation

Growth was sustained by heavy investment in social cohesion and human capital.

- **Education & Health:** Vietnam prioritized universal primary education; Bangladesh focused on inclusive policies for vulnerable groups and gender parity in education.

## Key Data Matrix: Strategies of the Champions

Appendix 1 (at the end) is the table showing the list of countries studied for this project and the common themes that contributed to the Champion economies’ remarkable growth. The table covers the economic, political, and social factors that have contributed to the growth.

## Strategic Implications for Pakistan

To implement the Geo-Economic pivot envisioned in the NSP, Pakistan must replicate the underlying mechanisms of these Champions.

### i. Break the “Logjam” via Deregulation (The Indian/Vietnamese Model)

The research highlights ‘bureaucratic logjams’ as a primary failure. The data shows India succeeded by abolishing industrial licensing and reducing public sector industries.

- **Recommendation:** Launch a regulatory reform to eliminate permission-based governance in key export sectors, mirroring Vietnam’s export-led approach.

### ii. Incentivise Implementation via Fiscal Decentralisation (The Chinese Model)

Pakistan’s center struggles to push reforms. China solved this by giving local governments control over revenue generation.

- **Recommendation:** Align the National Finance Commission (NFC) awards with performance indicators, empowering provinces to retain wealth generated through specific development milestones.

### iii. Enforce Policy Continuity (The Indonesian/Bangladesh Model)

Pakistan suffers from policy reversals. Bangladesh and Indonesia maintained economic trajectories despite political shifts.

- **Recommendation:** Establish a cross-party “Charter of Economy” specifically ratified to protect the NSP’s geo-economic roadmap from political cycles, ensuring the policy continuity identified as a gap in Pakistan’s literature.

## Conclusion

This preliminary investigation confirms that the “Champions of the 21st Century” did not rely on magic, but on breaking the status quo of their own administrations. Whether through the shock therapy of crisis (India) or the systematic devolution of power (China), these nations successfully dismantled the implementation bottlenecks that currently paralyse Pakistan. This brief serves as the foundation for a more detailed roadmap to operationalise the National Security Policy.

## Appendix 1

Factors	China	Vietnam	Myanmar	Ethiopia	Bangladesh	Indonesia	India
<b>Economic Factors</b>							
<b>Why reforms?</b>	Globalisation + cultural revolution	Socialist economy + globalisation	Realisation to achieve sustainable economic growth		Nationalisation failed		BoP crisis + globalisation
<b>Fiscal Management</b>	More powers to the local govt + VAT replaced business tax	Expansion of tax net	Budgetary management + sales tax replaced commercial tax + raised income tax threshold		IMF programmes + broadened tax base + progressive taxation + digitized tax collection system	Tax Amnesty Schemes + removal of oil subsidies	Fiscal disciplinary measures + tax net broadened on 'hard-to-tax' factions
<b>Industrial Policy</b>		Attract foreign investment + increase exports	PPPs + technology and vocational training encouraged	Agriculture led industrialisation	Privatisation + SOEs returned to original owners		Reduced public sector + industrial licensing abolished + bureaucratic hurdles removed
<b>Revamping the Financial Sector</b>	Greater competition + private sector financing encouraged	Partial privatisation + allowed foreign investment in Banking Sector	Banks were given permits to open LCs + Foreign banks opened	Allowed private investment in the banking sector + granted autonomy to the Central Bank	Privatisation of state-owned banks + allowed foreign banks + inclusive policy for vulnerable groups	Capital markets developed + reduced power of state-owned banks	Market-based interest rates + encouraged competition in banks + empowered stock markets
<b>Agricultural Reforms</b>	Household ownership replaced collective ownership	Liberalised household farming autonomy + land laws	Increased access to credit + built supporting infrastructure	Encouraged agro-based industrialisation	Access to high-yield seed varieties + improved irrigation + credit facilities		Credit facilities + curtailed the power of large landlords
<b>Decentralisation</b>	Transfer of decision making to local govts.	Power devolved to lower tiers of govt.	Decentralisation after 2011		Power devolved to lower tiers of govt.		Power decentralised to state govts.
<b>SEZs Ecosystem</b>	Major contribution in GDP, FDI, exports, and employment	Govt's inclination toward SEZs + tax incentives	SEZs law enacted in 2014	Centralised SEZ management	Govt. encouraged new SEZs	Govt's priority to attract FDI through SEZs	A part of 1991 reforms
<b>Privatisation</b>	Joint ventures encouraged	Simplified valuation process + allowed IPOs + SOEs reduced	Reduced state controlled in telecom and finance sectors + profit making encouraged	Introduced SAPs + SOEs privatised	Returned SOEs to original owners + privatised loss making SOEs		Divestment after 1991 + privatized SOEs + performance evaluation + PPPs encouraged

<b>Attracting Foreign Direct Investment (FDI)</b>	Manufacturing and construction sectors attracted FDI	Foreign investments protected	Foreign entities allowed to own enterprises + tax breaks and lengthy land leases introduced	Improved investment climate + offered greater incentive packages	Removed bureaucratic hurdles + investment protected + tax exemptions	Manufacturing, agriculture, natural resources, and tourism sectors attracted FDI	Allowed foreign investors 100% equity + simplified investment procedures
<b>Remittances</b>	Significant in value but contributed less to GDP growth	Stabilised the economy + ranked 10th highest recipient	Defensive shield for the economy as funds were spent on basic survival and debt service	Invisible stabiliser + provided critical safety net for state-led growth	Second largest source of foreign exchange		Main source of foreign exchange + better skilled workers + govt subsidies and tax breaks encouraged investment
<b>Small and Medium-sized Enterprises (SMEs)</b>	SMEs were the actual engine that employed the workforce and increased exports		Critical role + one stop centers + startups facilitated	Enhanced competition + ensuring continued rural development	Sub-contracted RMG orders + financing available + VAT exemptions		Improved access to finances + encouraged innovation
<b>Infrastructural Development</b>	Land, water, energy, and rail projects	Govt. led investment + increased lending	Legal framework for PPPs instituted + upgraded public transport	Increased govt investment in infrastructure	Legal frameworks for PPPs + improved transportation networks		Increased investments by state govts and private sector + PPPs very successful
<b>Corruption</b>	Strict control with the help of Central Commission for Discipline Inspection	Strict ministerial scrutiny + frequent anti-corruption crackdowns	The Good Governance and Clean Govt. initiative + anti-bribery bill introduced		No strict control + misappropriation of funds + institutionalised corruption	Evolved from chaotic, widespread bribery to sophisticated, systemic embezzlement	Endemic feature + huge scams + TI rankings worsened
<b>Political Factors</b>							
<b>Type of Government</b>	One-party socialist state	Single-party autocracy	Multi-party praetorian state	Federal Parliamentary Republic with multi-parties	Military-dominated rule	Presidential Republic	Democracy
<b>Type of Party</b>	Left wing	Communist	USPD	Nationalist	Center right & center left	PDI-P (Centre-Left)	Congress (center-left) and BJP (center-right)
<b>Political Dynamics</b>	Political crisis and economic reforms pre-1978 showing negative results	Strict control of CPV on media, public opinion and society	Censorship relaxed + prisoners released but military dominated	Suppression prevailed	Opposition suppressed + arbitrary arrests + strict control on media	Continued process of reforms	Soviet disintegration + Rise of BJP + Mandal Commission Report + Babri Masjid

<b>Devolution of Power</b>	Provincial governments implement policies set by central govt		The 2008 constitution allows for top-down approach		Decentralised power to local govt + more autonomy over planning and budgeting	Big bang decentralisation	States opposed reforms for political gains but deep down those could foresee more autonomy and FDI
<b>Role of Opposition</b>	No serious opposition	Negligible opposition	Opposition onboard	Moderate opposition	Negligible + fragmented opposition	Strong opposition + active role of civil society groups	No organised movement + opposition only from Bombay Club
<b>Policy Continuity</b>	Policies consistent due to same govt.	Regime stability led to policy continuity			Successive regimes followed a similar trajectory	Some degree of continuity + long-term vision	Overall direction remains same
<b>Transparency in Reforms</b>	Strict control	Strict control	Parliamentary debate	Strict control	Strict control	Elite could influence policy-making	Urban educated class knew of reforms + congress suffered in elections
<b>Social Factors</b>							
<b>Education</b>	The literacy rates improved	National curriculum more responsive to market demands	A 10-point education policy + a 20-year plan	No fees from grade I-X	Inclusive compulsory education policies + food for education program + teacher training	The literacy rates improved	Key component in 5 year plans + govt spending improved + large contributions by state govts and private sector
<b>Health</b>	Universal health system + New Medical Reform Plan 2009	Strengthening of health insurance system	Universal health care is being developed	Health care financing mechanisms	Community-based delivery System + Nutrition program of 2003-10 + NGO's significant contribution	Universal health coverage + improved infrastructure	No universal health coverage + expenditure is less than recommended
<b>Social Safety Nets</b>	Basic income + pensions + funded child-care		Social Protection Strategic Plan		Poverty alleviation and rehabilitation program + National Social Security Strategy	Conditional cash transfer program + non-cash food assistance + subsidized fuel	Post reform poverty alleviation programs
<b>Access to Information</b>	Online portal for budget and financial reports	Limited and highly controlled	Draft Right to Information Law was released in 2017		An online portal to access a wide range of government information	Online portal for govt information	More emphasis after 1991 reform

<b>Freedom of Press</b>	Strict control	Limited	Media reforms instituted + social media considered enablers of democratisation		Limited	Press law provides freedom of speech, with some limitations recently	Relatively free but dissenting voices quashed after 2014
<b>Violence</b>	Low	Moderate	Violence and illicit activities have been a constant irritant		Violence and agitation have been prevalent.	Highly varies across regions	Violence has increased since 1990s
<b>Civil Services Reforms</b>	Extension of CSC to other bodies + reduced red tapism	Career-based to a working position-based model	Civil Service Reform Strategic Action Plan + emphasis on decentralization and meritocracy		Limited success due to corruption and lack of accountability	Reforms to streamline civil services + One-Stop Service Centers + E-Government Initiatives	Huge salary bills + introduction of IT + deregulation + one window mechanism
<b>Gender</b>		Gender equality laws + highest women participation	Low workforce participation of women		Women empowerment + highest participation in the workforce		Imbalanced gender ratio + female participation still very low

## About the author

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