

Pakistan's business innovation ranking declines

KARACHI: Pakistan's ability, capacity and success in business innovation declined in 2020 as the country's ranking on the Global Innovation Index (GII) fell to 107 during the year from 104 in 2019.

The GI is compiled by the World Intellectual Property Organisation, INSEAD business school and Cornell University which publishes its annual rankings after evaluating innovations in the country's institutions, human capital and research, infrastructure, market and business sophistication, knowledge and technology outputs and creative outputs.

The report showed Pakistan's ranking in terms of market sophistication fell from 102 in 2019 to 116 in 2020 owing to worsening indicators like ease of getting credit, domestic credit to private sector as a percentage of GDP and microfinancing. In addition, the country's ability to attract investment also weakened during the year.

The country's human capital and research also declined during the year under review. The report highlights major weaknesses in terms of expenditure on education as a percentage of GDP, school life expectancy, tertiary enrollment and research and development.

Meanwhile, the report said the country's overall infrastructure also weakened during the year under review. It said the use and access to and of information technology services is a major impediment in innovation in addition to the weak logistics performance and gross capital formation as a percentage of GDP.

On the other hand, Pakistan's position improved in terms of business sophistication from 96 in 2019 to 87 in 2020 on the back of innovation linkages between university and industry, research and knowledge absorption through high-technology imports.

Information technology exports as a percentage of total export also increased during the period under review whereas creative outputs like mobile app creation improved as well.

Among the South Asian countries, Pakistan ranked only better than Bangladesh (116) but was far behind India (48), Nepal (95), Sri Lanka (101).

Meanwhile, Switzerland, Sweden, the US and the UK lead the innovation ranking.