



ISLAMIC DEVELOPMENT BANK

Address by

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At

Pakistan Development Forum

“The Demographic Dividend – Unleashing the Human Capital”

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

**Excellency Prime Minister Shaukat Aziz,
Honourable Ministers,
Development Partners,
Distinguished Delegates,
Brothers and Sisters**

Assalamu Alaikum Warahmatullah Wabarakatuh

First of all, on behalf of Islamic Development Bank, I would like to express our profound appreciation to the Government of Pakistan for the kind invitation to participate in this Forum and to address its important theme "The Demographic Dividend – Unleashing the Human Capital". I would also like to thank the Government of Pakistan for the excellent arrangements for this important event and for the warm hospitality extended to us since our arrival in the beautiful city of Islamabad.

**Excellency Prime Minister,
Distinguished Delegates,
Brothers and Sisters**

Let me also say in the beginning that we find the annual Pakistan Development Forum a very useful occasion for learning about the current development priorities of the Government of Pakistan and their future directions. The discussion and interactions in these fora also help all the development partners in formulating and aligning their own country assistance strategies with the development priorities of Pakistan. The theme of last year's Forum was "Drivers of Economic Growth – Unleashing the Potential of the Private Sector", and this year's theme "The Demographic Dividend - Unleashing the Human Capital" are crucial dimensions of development and Islamic Development Bank appreciates the keenness and commitment of the Government of Pakistan in introducing these elements in its overall economic strategy.

The IDB has observed that similar to some other member countries, Pakistan has experienced a rapid demographic transition over the past two decades showing declining trends in crude birth and death rate. As a result, population growth rate has declined from

close to 3% a decade ago to currently 1.9%. Yet with population of 160 million of which nearly 2/3rd is below the age of 25 years, the demographic dynamics of Pakistan have both challenges and opportunities for its future development. Providing right education and adequate skills to a large young population is a highly demanding task. But thanks to the highly commendable efforts of the Government of Pakistan that not only overall education indicators of the country have markedly improved but also there is noticeable increase in job creation and employment levels. This demographic dividend has made significant contribution to Pakistan's high economic growth over the past few years, which similar to other economies in the region hold great prospects for the future prosperity of the country.

I must, therefore, commend His Excellency the Prime Minister and his learned team for Pakistan's remarkable economic performance over the past 7 years. During this period, sound macroeconomic policies and a wide range of structural reforms implemented by the Government have contributed to the country's impressive economic rebound. The reforms have been focused on modernizing the economy and its management, providing job opportunities to the growing labor force, expanding the scope of modern education with international market in sight, improving investment climate, and achieving the millennium development goals. Consequently, we saw the level of GDP doubling over the past seven years, public debt going from 92 percent of GDP in 1990 to almost 50 percent of GDP, and foreign remittances from overseas workers reaching a record level of about 6 billion US Dollars. During the last four years, Pakistan achieved GDP growth of around 7 percent per year, despite the setbacks of the devastating earthquake and higher import energy bill. We believe that such a sustained growth trend and even acceleration - in line with other regional economies - is bound to generate greater internal capacity to unleash human capital for sustainable socio-economic development. Needless to say, adequate measures would be required to ensure that fruits of growth also reach to the poor and downtrodden in the society.

Excellencies,

Distinguished Delegates,

Brothers and Sisters

IDB believes that the efforts to unleash the human capital need to be placed in a comprehensive human development framework. In this context, in my view the education, skill development and job market should be geared through what we call "Four As strategy".

(1) Education must be Accessible to all, including those who for various reasons are not keen to be educated; (2) It should be Affordable; (3) It should be Applicable to the market needs nationally and globally; and finally (4) It should be Advantageous, i.e. it must ensure decent human living for every one. I am sure some of you may have more such "As" and probably "Bs" and "Cs", but a proper emphasis on the above elements that I have mentioned would play a crucial role in magnifying the demographic dividend through human capital development. On the contrary, if appropriate and timely policies are not formulated to this end, instead of dividend the demographic transition might in fact become a cost, a source of social and economic instability and a drain on the economy's ability to achieve sustainable economic development.

Excellencies,

Distinguished Delegates,

Brothers and Sisters

Recognizing the strategic importance of unleashing human capital for growth and prosperity, Islamic Development Bank has attached high priority to the promotion of education, health and other social sector activities in its member counties. Indeed, the recently adopted IDB 1440 Hijra Vision has been captioned as a Vision for Human Dignity. The Central strategic theme of the Vision is to promote comprehensive human development by universalizing education, promoting health, improving governance, prospering the people and empowering women.

The Vision emphasizes that the ultimate end and central element of human development is the attainment of happiness for all mankind regardless of race, religion or gender. In our view, to work for such a mission is a collective responsibility of member governments, the private sector, international financial institutions and all development partners who are concerned with the achievement of the Millennium Development Goals.

In this context, I am glad to inform you that human development has received one of the biggest shares of IDB total financing with a cumulative figure of about 22% by the end of last financial year. This is only next to the share of public utilities which we also believe makes an important indirect contribution in improving the overall human quality and development. I may also like to mention here that IDB's overall development financing has

increased at a pace of over 10 % in response to the growing and diversifying development needs of its member counties.

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Distinguished Delegates,

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I am pleased to see very constructive and active cooperation between IDB and the Earthquake Reconstruction and Rehabilitation Authority in the implementation of IDB Program for the reconstruction and rehabilitation of earthquake effected areas. As a result of this cooperation, IDB will commit its entire pledged amount of 502 million dollars, 70% of which will be disbursed before the end of this year.

Before closing, I would like to reiterate the commitments of IDB to further enhance its collaboration with the development community in the common cause of reaping the demographic dividend through accelerated human capital development in Pakistan as indeed in other IDB member countries. IDB would also like to strengthen its partnership with all its development partners, particularly, the donor community, the private sector and the civil society in fighting poverty and improving quality of human life. I sincerely believe that cooperation and harmonization between IDB and development partners can go a long way in our collective efforts to reach out to all segments of the society for promoting sustainable socio-economic development of Pakistan.

I would also like to reiterate once again IDB's unequivocal, whole hearted, and continuous support to the Government of Pakistan for its efforts in achieving developmental objectives. I once again thank the organizers of the Forum for their invitation and for the warm reception given to all of us. With these words, I would like to conclude my statement, and wish the Forum a great success.

Wassalam-o-Alaikum Warhmatullah Wabarakatuh