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Honourable Prime Minister, Ministers, development partners, distinguished guests, ladies and gentlemen, On behalf of the Government of Pakistan and the Economic Affairs Division, let me welcome you to the Pakistan Development Forum 2007. The Pakistan Development Forum (PDF) offers us an excellent opportunity each year to come together to discuss the development agenda. The overarching theme for this year's PDF "Encashing The Demographic Dividend -Unleashing the Human Potential" shows the Government's determination to develop our human resources for sustained competitive advantage and Pakistan's rapid economic growth.

Ladies and Gentlemen Pakistan's economy has continued to perform strongly over the last several years. Infact, Pakistan has been one of the fastest growing economies in Asia. Even after the massive earthquake in 2005 and the unprecedented increase in global oil prices the growth of our economy has not slowed, mainly because of strong fundamentals generated by prudent macroeconomic policies, wide ranging structural reforms, fiscal discipline and consistency and continuity in polices.

Our major achievements during the last few years include robust performance in industry, agriculture and services; The economy has expanded from \$60 billion to over \$140 billion in the last seven years.

Doubling of per capita income and strong remittances has generated extra-ordinary strengthening of domestic demand that has been the engine of growth. We are seeing a steady increase in investment, sustainability of the fiscal deficit; high growth in exports and imports; increased workers' remittances; stability in exchange rate; buildup of foreign exchange reserves; accelerated privatization program; strong capital market performance and improved social and human development indicators.

The achievements notwithstanding, the country is also faced with fallout of the high growth rates in the shape of inflationary pressures, widening of trade and current account deficits. Prudent macroeconomic policies have however contained the inflationary pressures with core inflation maintaining a downward trend and the exceptionally strong financial flows particularly unprecedented foreign investments leading to balance of payment surpluses that provides us a window of opportunity to address the trade imbalances and continuing our march toward a prosperous Pakistan. Ladies and Gentlemen

I am also pleased to inform that the high growth rates are having a very positive impact on the standards of living of the people, some promising results are now in. Poverty indicators have continued to decline and numbers below the poverty line have gone down from 32.1 O/O in 2001 to less than 25% and we are confident that we will be able to further bring it down to achieve our MDG commitments .During the last two years we have been able to create 5 million new jobs that has brought many families out of poverty. Headline inflation, which has a disproportionate effect, on poor families is also coming down to around 7%. A number which is still high and we will continue policies to bring it down to the 5 % level in the coming years.

Investments are a key to economic growth. The policies of privatization, liberalization and deregulation have contributed to a marked improvement in productivity and investor confidence, leading to high domestic and foreign investments in the economy. We have achieved record levels of foreign investments last year. Only few years back, the total foreign investment in Pakistan was only US \$ 250 million and during the current financial year, it will reach US \$ 6 billion. Foreign investments has the potential to create thousands of new job opportunities, thereby decreasing unemployment. As Pakistan is recognized as an investment friendly high growth economy, more jobs will be created, reducing poverty and unemployment further.

Ladies and Gentlemen Ladies and Gentlemen The central theme of this PDF is around building and harvesting the demographic dividend. Pakistan is going through a profound demographic transition, and is at a threshold for a major demographic dividend as the working-age population bulges and the dependency ratio declines. Government realizes this is a once-in-a-lifetime opportunity and has taken several measures to use Pakistan's vast human resources to maximum effect.

With a current population of 160 million of which over 100 million is below the age of twenty five, Pakistan has a rapidly growing middle class that is fueling unprecedented growth. This is rapidly transforming Pakistan into a major market economy with large scale product, se~ces and labor markets. Our per capita GDP in PPP dollars has crossed \$2500. This is a level where the purchasing power of population can sustain large domestic demands for all kinds of modern goods and se~ces. Our growth is nationwide with mega cities playing a major role as engines of growth and the rural population playing an increasingly larger role in off-farm rural markets and economic activity.

The present government after coming to power realized that development will not be possible without harnessing the potential of all our people. Therefore, education and skill development were designated as priority areas and many reforms and projects were initiated to improve this vital sector.

These measures include: Reforms to achieve the MDG target of providing universal education to all by 2015.

.Increase of funds allocated to education sector from 2.5% to 4% and health sector allocations from 0.7% to 1.5% of GDP in the next few years. Substantial increase in the budget of Higher Education Commission to help improve the quality of higher education sector. HEC programs have been costed at Rs. 1100 billion in the next ten years.

.Increase in spending in the entire chain from primary schools to secondary schools and colleges.

Provinces are also showing strong commitment and funds for providing and improving education. Punjab and Sindh have started their education sector reform programmes. These programmes are targeted on three interlinked areas (a) public finance reforms to ensure increased public spending for education; (b) devolution of public sector management reform; and (c) improvement in access, quality and governance of education. Recently, SBP did an impact analysis of Punjab Education Sector Programme and concluded that this programme has contributed significantly in improving the gross and net enrolment rates in the province.

GoP has also started many new initiatives in the area of skill development. The federal government has set up a National Vocational and Training Education Commission (NAVTEC) under which technical and vocational training institutions will be established at district and tehsil levels across the country.

Moreover, NAVTEC will regulate, coordinate and provide policy directions for technical education and vocational training to meet the demand for skilled workforce in the country. The Technical Education and Vocational Training Authority (TEVTA) have been established at the provincial level with similar objectives.

Ladies and Gentlemen Employment generation is a key result of the demographic dividend. Our reform efforts to create a competitive private sector driven market economy that produces the goods and services needed by the nation, generates the employment and wealth for the people and helps to eliminate poverty in the country are bearing fruit. In the areas of deregulation, liberalization and privatization the results are very encouraging. According to World Bank, the cost of doing business in Pakistan is coming down and Pakistan is much ahead of neighboring countries like India, China and Sri Lanka in the World Bank rankings for least costs of doing business. Improving the competitiveness and productivity of our enterprises, development of Special economic zones and industrial parks and further reduction in cost of doing business are high on our agenda. The huge increase in the amount of foreign investment coming to Pakistan is further evidence of Pakistan being an investor friendly country. This investment is going to create thousands of new employment opportunities. But government is conscious of the fact that to provide jobs to all of the employable people, we will have to do more. Therefore, we are continuously striving to make Pakistan's investment environment more friendly.

Ladies and Gentlemen

To support the development effort and providing a strong base for reaping the demographic dividend the focus is on developing a world class infrastructure in logistics, energy and water security. Further developing the financial sector with new instruments and institutions including Public private partnerships form a major thrust area. The investment returns to the economy from increased infrastructure spending are enormous and along with second generation institutional and process reforms will lay the foundation for strong economic growth for the next decade In conclusion, let me reiterate that the PDF agenda shows Pakistan's commitment towards prudent economic management, good governance, transparency and improved quality of life for its people. This year proceedings and discussions will help us in finalizing the new PRSP document that is being launched during the meetings in summary form. The PRSP unveils our national economic strategy for making Pakistan a strong, stable, and economically vibrant nation free from poverty and disease. The opportunities are very exciting and with your cooperation we will be able to fulfill our promise to the people of Pakistan for a qualitatively better future.

Thank you once again for your interest and participation in PDF 2007