

Closing Remarks
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On behalf of the World Bank I would like to congratulate the authorities for organizing an extraordinary Pakistan Development Forum. The opening session's play said it all. If we can just get organized, all things are possible. The rest of the PDF has been detailing of its main points. The arrangements have been excellent, the sessions were well conceived and organized, and the discussions have been frank and illuminating. I would like to thank our hosts, especially the Ministry of Finance and the Economic Affairs Division for their efforts at organizing the various events.

Pakistan is poised to move to a higher growth path, of 7-8 percent per year of GDP. Maintaining this growth for 10-15 years is what is needed for significant poverty reduction. Professor Stiglitz' cautioned that there are many more cases of countries with growth spurts of a few years than cases of really sustained growth and development. He defines the outcome of such sustained growth as nothing less than a "social transformation." He points to the significant risks to Pakistan's recovery which could arise as a result of current global economic imbalances. More important, social transformation requires deep structural reform, including the social revolution of educating all of Pakistan's citizens. Indeed we have heard quite clearly the government's determination to implement bold structural reforms.

The Government's draft Medium-Term Development Framework is an expression of that determination and we appreciated the in-depth presentation and discussion of the MTDF. The MTDF presents a vision of enhancing competitiveness of the national economy in the era of globalization. The Prime Minister's vision of rapid economic growth with prosperity for all is a vision that the World Bank and I am sure the entire donor community shares.

We also welcome the Prime Minister's commitment to ensure that every community in Pakistan shares in the benefits of growth. The dramatic vision of "people-centric development" programs unveiled during the PDF is inspiring. The expanded Kushhaal Pakistan Fund to finance pro-poor local infrastructure, education, health and employment programs directly responds to the urgent need to resist leaving some people behind while others prosper. The proposed additional 1% of GDP (\$1 billion) proposed for the Kushhaal Pakistan Fund represents a good investment. To make this work, Pakistan will have to invest in social mobilization of the kind Shoaib Sultan described to the PDF. Pakistan has learned through the Rural Support Program model that it is possible to build community capabilities to take control of their own affairs. This is a very powerful idea. The World Bank stands ready to assist in implementing this proposal of comprehensive rural development both financially and with technical assistance.

The Federal Minister of Education presented the Government of Pakistan's evolving education reform strategy. The proposed strategy to achieve 100% net enrollment and the elimination of gender disparities in education are well conceived and reflect real world successes already evident. The key measures include free education and textbooks up to matriculation; stipends and other incentives to girl students and female teachers, rehabilitation of schools to ensure adequate infrastructure; and community empowerment to strengthen school management. This is a good strategy and the World Bank looks forward to helping to implement these initiatives throughout Pakistan.

We all have focused on the quality as well as the quantity of public expenditure. We agree that it is essential that Pakistan greatly improve the effectiveness of its public expenditures, most importantly in health and education. This brings up the critical link between governance – especially via devolution – and social sector development. We were glad to hear therefore about the Government's continued commitment to empower local communities through further fiscal and administrative reforms. We heard the crucial plans to meet Pakistan's energy, water, transport and urban infrastructural needs. These are ambitious but no more ambitious than what is required to meet the needs of rapid growth. We also heard the well conceived strategies for industry, exports, privatization and agriculture.

The Government is determined to make use of public private partnerships. A substantial program of PPPs could support needed investment in transport, urban, energy and other infrastructure sectors. This is true of human resources development, as well. This will be possible if the government puts in place the right overall framework that shows a reliable revenue stream. This initiative needs to take place both at national and provincial levels and requires actions that are cross-sectoral as well as sector-specific. The World Bank looks forward to supporting this.

The MTFDF rightly emphasizes the importance of investments in the water sector. Only part of Pakistan's water security will come from increasing surface water supplies alone. The scope for expanding the supply of water is now severely limited as Pakistan approaches the limits of available surface and groundwater resources. The more important sources of water security lie in demand management, water resource and physical asset management, improved irrigation service delivery, and the instruments for achieving this (water rights, contractual arrangements between water utilities and users; encouraging water markets to develop, and improving O&M cost recovery) merit greater attention.

Let me close by once again congratulating the Government on its continued success in macroeconomic performance and implementation of its poverty reduction strategy. It is reassuring that Pakistan is not resting on its laurels and is pushing ahead with comprehensive and thoroughgoing additional structural reforms to sustain growth and ensure that the benefits of growth are widely shared.

Thank you