

Pakistan Development Forum -- 2005



Overview of Government's Medium
Term Development Framework

Outline

- Prime Minister's Vision
- Current Economic Baseline
- People Centric Development Focus
- Growth through Productivity Gains, enhanced competitiveness and Value Addition
- Infrastructure for development
- Governance and institutional performance

Prime Ministers Vision

- "We have to move forward under the guidance of a long term vision. A vision that can put us on a path of sustainable achievement. On the way we will face many difficulties but we will forge ahead with perseverance and overcome all obstacles"

Prime Ministers Vision

- "According to my vision Pakistan should achieve a position of great respect and strength in the comity of nations. Our people deserve social justice and equal opportunities to pursue prosperity and development. Pakistan was not created for the rich; there is no reason that poor should remain poor and the hardworking workers and peasants should be deprived of their basic needs in spite of unrelenting sweat and toil."

Prime Ministers Vision

- "We will definitely see the day when all children of Pakistan will receive excellent education, when the faces of our people will be lit with the glow of prosperity instead of the sadness of poverty, when every Pakistani will be gainfully employed when he will not be afraid of the powerful, when his life, honour and property are secure, when he receives full justice from the courts and he has equal opportunities for progress and development"

Prime Ministers Vision

- " I am convinced that day is not far when each farmer will be prosperous, when standard of living of every worker will improve and every Pakistani will have access to basic health facilities and every citizen will have access to clean drinking water."

Prime Ministers Vision

- "We are determined to make Pakistan a developed country; to achieve this objective we have to undertake a great struggle, every facet of our national life is ripe for a transformation that will be brought about in a disciplined and democratic manner."

Economic Base to support PM's Vision

- ❑ Graduated from PRGF
- ❑ GDP growth rate in excess of 7 %
- ❑ Private Sector confidence strong and investment picking up
- ❑ Exchange rate stable and healthy FX reserves
- ❑ Monetary policy adjustments to tackle inflationary pressures
- ❑ Fiscal deficit around 3 % and continued disciplined fiscal management
- ❑ Trade Gap widening based on strong demand for machinery and raw materials imports
- ❑ Revenue collection on target in-spite of oil shock

Economic Base to support PM's Vision

- ❑ Agriculture sector output better than target
- ❑ Large increase in major crop production – cotton, wheat
- ❑ Significant Agriculture credit expansion
- ❑ Availability of Agricultural inputs improving

Economic Base to support PM's Vision

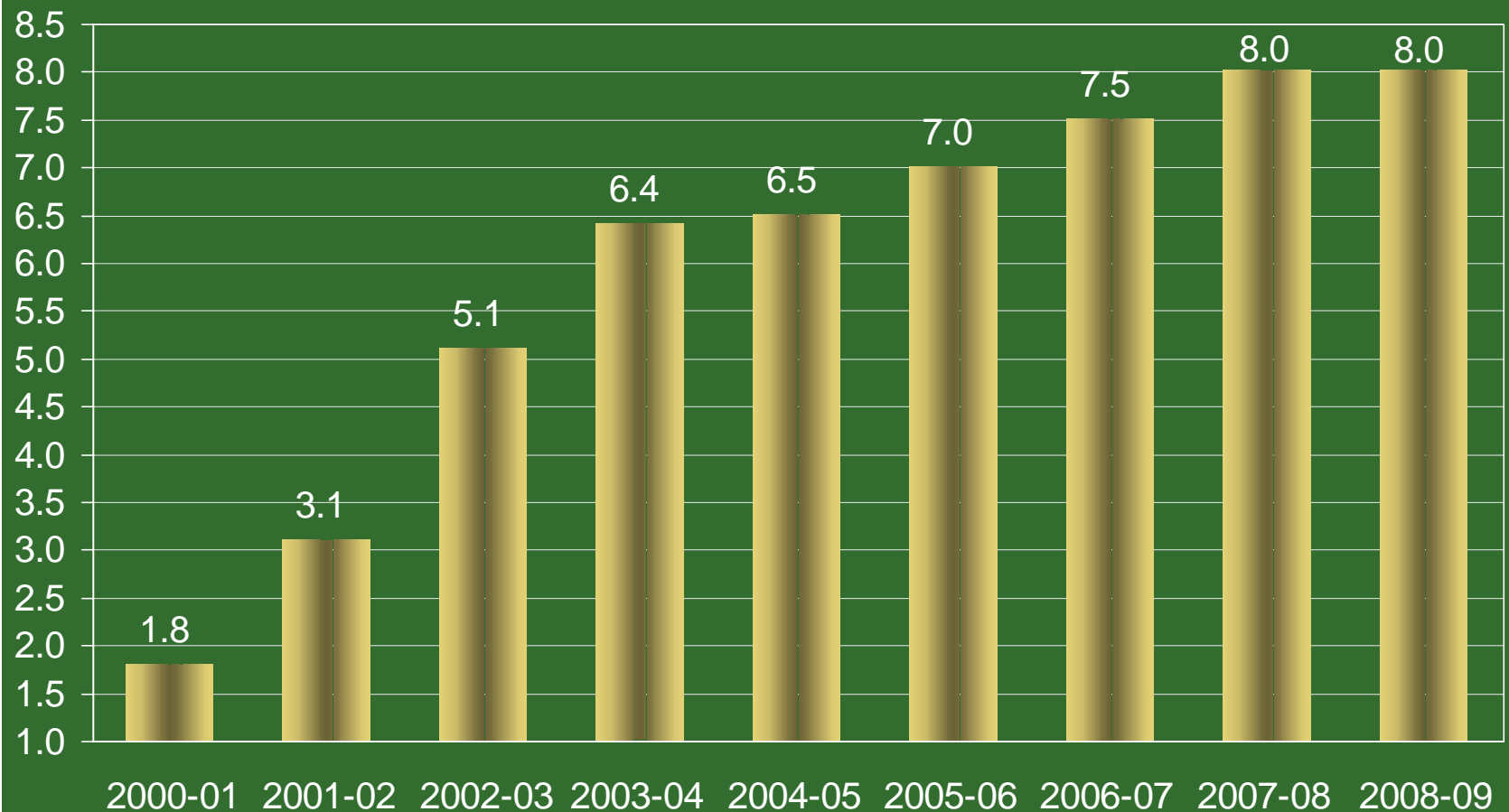
- ❑ Large scale manufacturing leading the growth momentum
- ❑ LSM growth broad based
 - ❑ Electronics, engineering incl. autos, textiles, cement, food and beverages etc.
- ❑ Capacity utilization increasing across the board.
- ❑ Consumer financing, remittances and domestic demand are the main drivers
- ❑ Exports growing at 14% per year

Economic Base to support PM's Vision

- Construction and housing markets picking up
- Rapid Telecom expansion
- Banking Sector profitable and growing
- Services showing robust growth.
- Unemployment starting to come down.

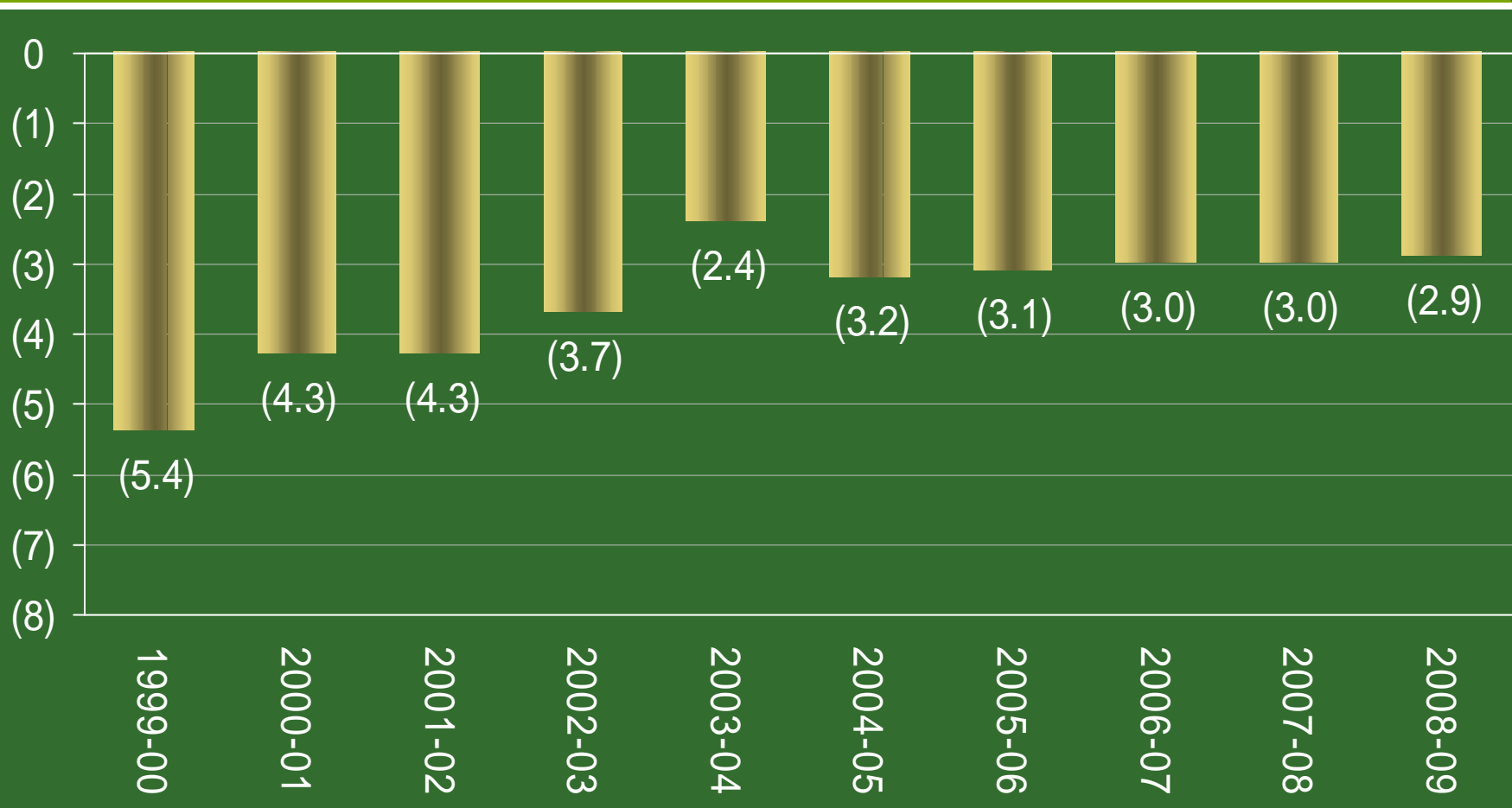
Way Forward: A Prosperous Pakistan

Pakistan on a higher Growth Trajectory



Way Forward: A Prosperous Pakistan

Sustainable Budget Deficit Ensuing Macroeconomic Stability



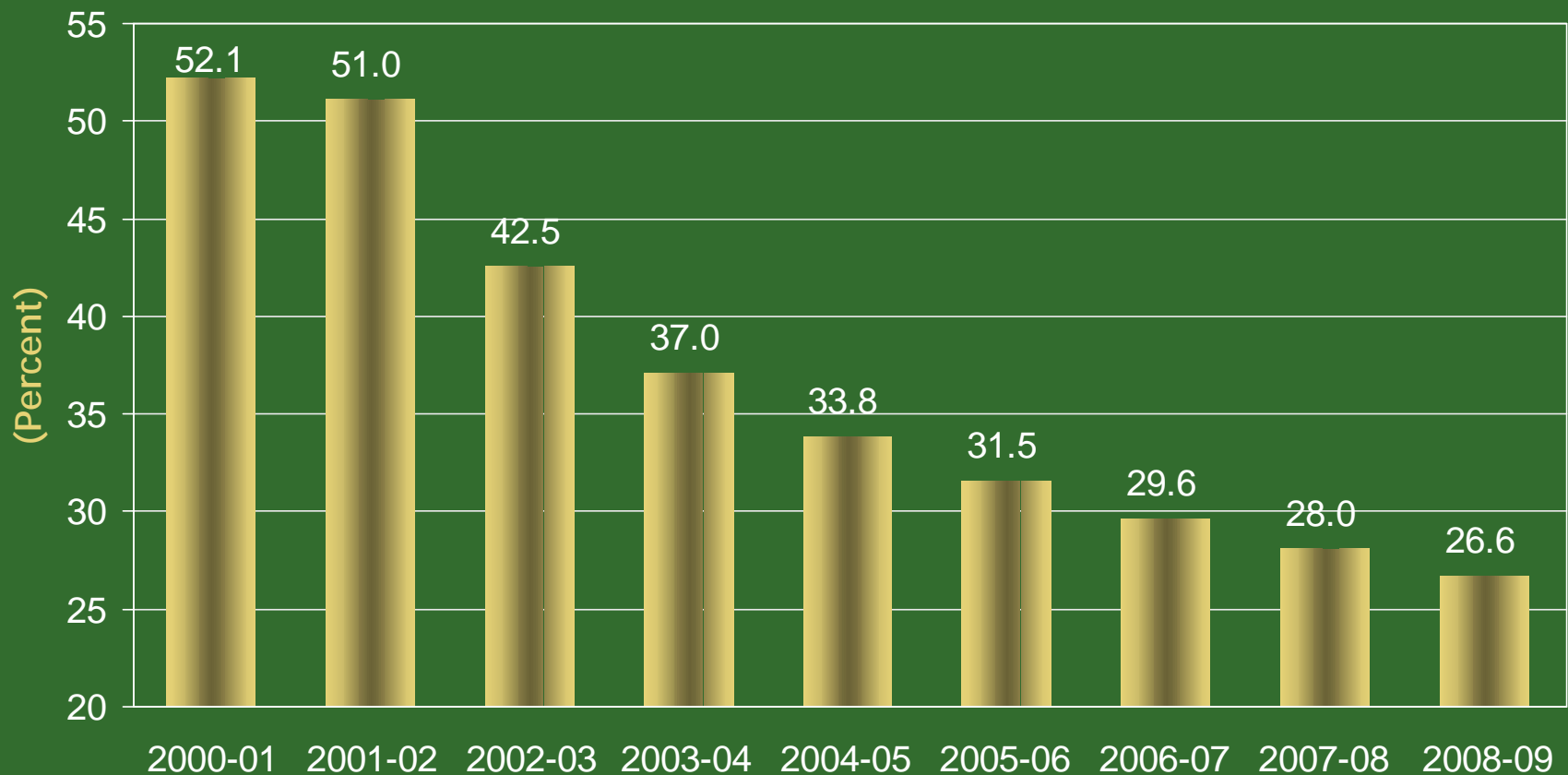
Way Forward: A Prosperous Pakistan

Public Debt Attaining Sustainability



Way Forward: A Prosperous Pakistan

Country No Longer Vulnerable to External Shocks (External debt/GDP)



Implementing PM's Vision

- ❑ Rapid Economic Growth With Prosperity for all.
- ❑ Financing the PM's Vision
 - Boosting Government revenues to GDP to fund infrastructure requirements
- ❑ Boosting Investment to exceed 25 % GDP
- ❑ Boosting Foreign Direct Investment to fill the Gaps
- ❑ Human Resources Development
- ❑ Growth through Productivity Gains and enhanced Competitiveness
- ❑ Infrastructure Development
- ❑ Institutional Development and 2nd Generation Reforms

Market Driven Growth Drivers

- ❑ Fully exploit Pakistan's ample human resources
- ❑ Fully develop Pakistan's Competitive advantages
- ❑ Fully exploit Pakistan's strategic location
 - ❑ Transport Hub
 - ❑ Services Hub
 - ❑ Trading Hub
 - ❑ Manufacturing Hub
 - ❑ Energy Hub
 - ❑ Agricultural Bread basket
- ❑ Fully exploit domestic and export demands.

Human Resource Development

- ❑ Comprehensive Education For All Program
- ❑ Expansion of Punjab Education sector reform program. (PESRP)
- ❑ Up-scaling Program to other Provinces
- ❑ Higher Education Commission
- ❑ Technical and Vocational Training Program
- ❑ Adult Literacy Programs.
- ❑ Basic Health for all
- ❑ Boosting PRSP expenditures

People Centric Development -- Kushhaal Pakistan Program

- ❑ Need to focus on people and their needs
- ❑ Need to involve national, provincial and local representatives of the people in the planning process
- ❑ Ensure that every district in Pakistan is part of the program
- ❑ Devise fool proof implementation mechanism to achieve desired results.
- ❑ Coordinate Donors and NGOs participation

Kushhaal Pakistan Program Components

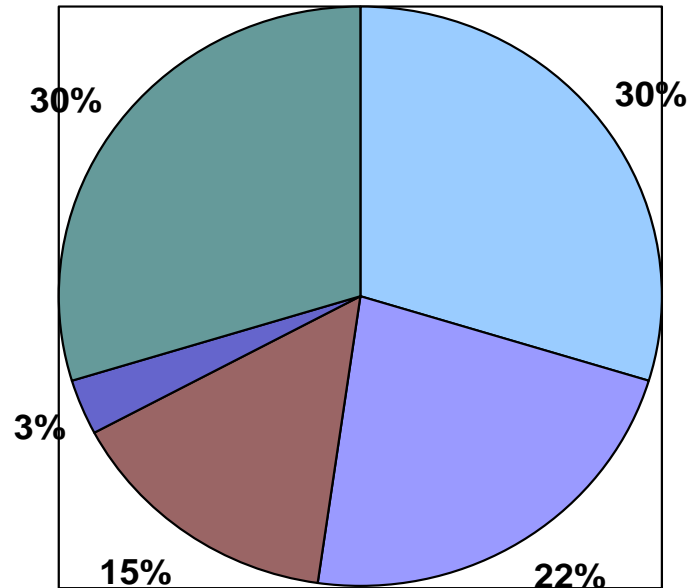
- Essential Infrastructure
 - Village
 - Union council
 - Tehsil
 - District
- Education
- Health
- Create Entrepreneurial & Employment Capacity
- Create Direct Employment (Money for work program)

PM's Vision– Kushhaal Pakistan Program

- Add an additional 1 % of GDP per year to social sector spending (\$ 1 billion) by establishing a Kushhaal Pakistan Fund
- Seek Donor Grants to augment GOP funding
- Will support PRSP and MDG's targets.
- Will supplement PRSP expenditures targets of 5.43% of GDP by 2007-08.

Kushaal Pakistan Fund

Total Program Rs 67 Billion



- | | |
|--|---|
|  Rural Infrastructure |  HRD |
|  Self Employment |  Agr. & Livstk |
|  Urban Infrastructure | |

Growth through Productivity Gains, Competitiveness enhancement & Value Addition

- ❑ Micro strategy to Boost Growth through productivity gains and value addition in
 - ❑ Agriculture
 - ❑ Industry
 - ❑ Services
 - ❑ Natural Resources
- ❑ Boost Agriculture Research & Extension
- ❑ Improve Investment Climate and Reduce Cost of Doing Business
- ❑ Privatization, Deregulation & Liberalization
- ❑ Sector-wise Value Chain Analysis
- ❑ Reduce and Remove Administrative Barriers to Growth overall and sector by sector
- ❑ Connect Value Chains with Global Markets
- ❑ Induce Value Chains technological Up-gradation
- ❑ Upgrade Value Chain management & technical Skills
- ❑ Establish Value Chain Up-gradation Funds

Value Chain Progress

- ❑ Agri-Business
- ❑ Livestock and Dairy
- ❑ Marine Fisheries and Shrimp Farming
- ❑ Horticulture
- ❑ Light Engineering (Auto-parts)
- ❑ Construction and Real Estate
- ❑ Consumer Electronics
- ❑ Textiles
- ❑ Retailing
- ❑ Trucking and freight Business
- ❑ Urban Transport
- ❑ Marble
- ❑ Others (Information Technology, telecom, Leather etc)

Infrastructure Strategy

- Energy Security
- Water Security
- Physical Infrastructure
- Rural Modernization
- Urban Development
 - Mega City Rejuvenation
 - Market Towns & Cities as Engines of Growth

Energy Security

- Enhancement of exploration and domestic production
- Pipeline from regional energy surplus countries
- Exploitation of Hydel potential
- Enhancement of coal and alternate energy including nuclear energy

Water Security

- ❑ Rehabilitate irrigation system
- ❑ Create additional water storages
 - ❑ Large Dams
 - ❑ Small Dams
- ❑ Optimize management of water resources
 - ❑ Improved irrigation methods and systems
 - ❑ Lining of canals and water courses
 - ❑ Developing Crops with High yields, lower water consumption

Physical Infrastructure

- Transport and Logistics
 - Roads and Highways
 - Railways
 - Air Transport
 - Marine transport
- Public Private Partnerships

Rural Modernization

- Provision of benchmark services and facilities in rural communities.
- Clean drinking water and sanitation
- Rural Electrification
- Rural Employment Opportunities

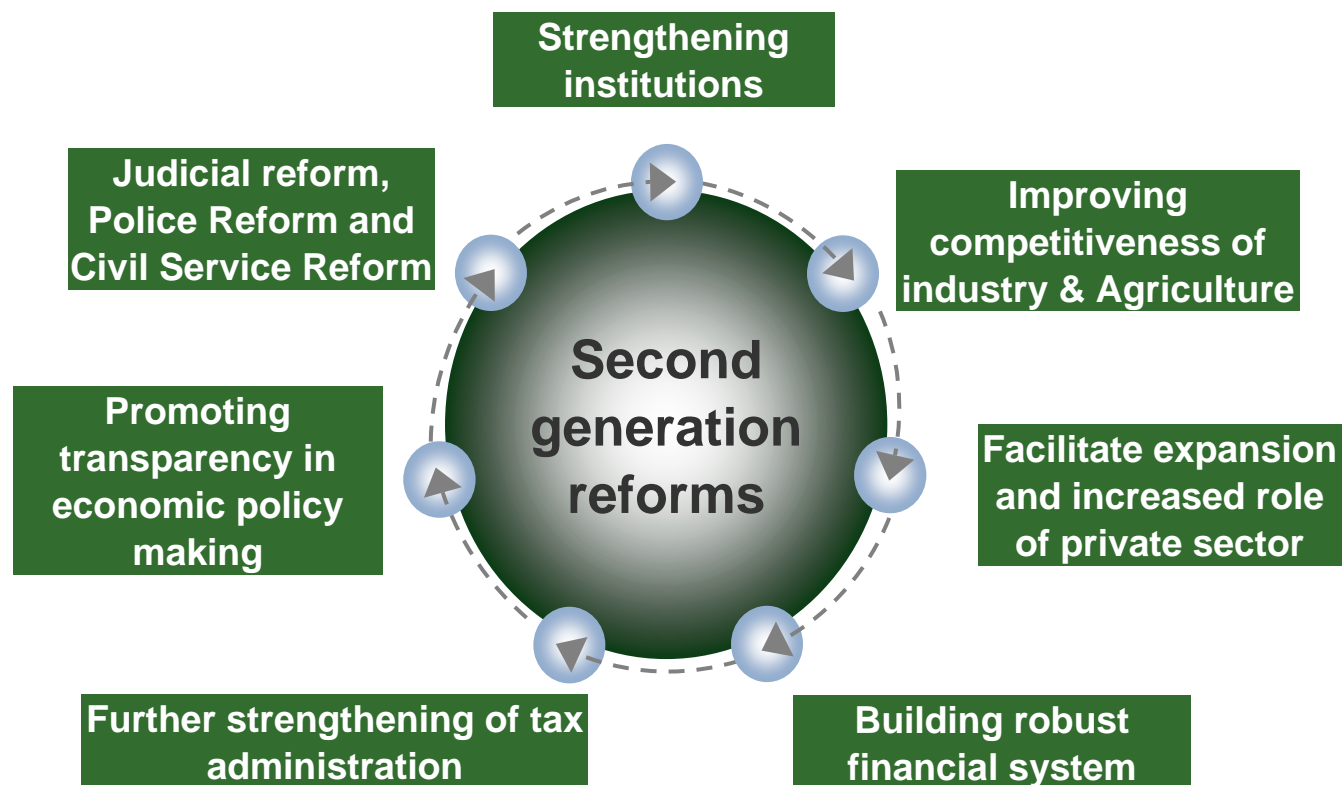
Urban Development

- ❑ Integrated Urban Development Plans
- ❑ Cities as Centres of Innovation and Growth
- ❑ Upgrade City Infrastructure
 - ❑ Transport
 - ❑ Communications
 - ❑ Health
 - ❑ Education
 - ❑ Recreation
 - ❑ Work and business environment

Network of Funds & Public Private Partnerships

- **Kushaal Pakistan Fund**
 - Human Resource Development Fund
 - Village Infrastructure fund
 - Self Employment fund
- **Infrastructure Development Fund**
 - Mega Cities Fund
 - Small and Medium Cities Fund
- **Value Chain Up-gradation Fund**
 - Agriculture support fund
 - Business Support Fund
 - Innovation Fund
 - Sectoral Support funds

Second generation reforms



Next Two days

- We hope to get:
 - Significant feed back to fill the gaps
 - Exchange of ideas to hone our thinking and plans
 - Strong support for goals, strategies, programs and projects
 - Strong support in implementation Phase
- Pakistan is positioned to make the transition to a Modern, industrialized, prosperous, educated and health society
- Lets work together to make it Happen.