

Statement of the French Delegation

Pakistan Development Forum Islamabad – March 2004

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1. We welcome the clear improvement of the economic situation.

The French delegation welcomes the continuing improvement in the economic situation of Pakistan after 3 years of strong efforts to restore the economic fundamentals of the country. The growth trend is on 6%, the budgetary and monetary policies are active and sound, the external position of Pakistan has been restored up to the point where the recent eurobond emission, after 5 years of absence in the financial international market, has been a success.

There is clearly a window of opportunity to restore the confidence not on a short term basis, since many factors are reversible internally and externally, but for the whole decade and beyond. So that the last decade of the 1990s, and the heavy price borne by the poor, will definitely become a part of history. Pakistan can and must catch up with the group of successful emerging economies and cross the USD 1000 per capita threshold it deserves bringing peace and prosperity to its people, to the region and to the world. This is where the PRSP discussion comes in and the usefulness of the Development Forum is proved.

2. What we learnt from the PRSP discussion.

2.1. As you know, France warmly welcomes the finalisation of the PRSP document but along with other partners has expressed some reservations particularly on three issues :

1. The largest participation of the population to the PRSP elaboration should have included a more direct consultation with the Parliament. Extended consultation with respect to the PRSP discussion everywhere in the world where this Poverty Reduction Strategy exists, has proved to be a success.
2. We would have preferred the full inclusion of the three cross-sectoral tasks set in chapter 6 : environment, employment generation and gender equity.
3. The necessary steps to increase more rapidly the budgetary resources for the Social Infrastructures Investments and their effectiveness through devolution of power, better coordination and appropriate controls, such as fight against corruption and money laundering.

2.2. The discussions we have had during the last two days have brought some answers and new comprehensions :

1. We have noticed the positive opening of the Forum to move participants from the civil society and the full presence of a Member of the National Assembly during our discussion. I know from her recent visit to Paris that Mrs Hina Rabbani Khar does represent a real constituency and has the background to follow closely all the

discussion and then report to the Parliament as Parliamentary Secretary of the Economic Affairs Division.

2. Compared to last year, the quality and details of all the presentations represent a significant progress for the identification of the huge task ahead and the necessary reforms and financial means in order to reach the Millennium Development Goals by 2015. We have been particularly impressed by the presentations of Ms Zobaida Jalal on education, of Mr Muhammad Nasir Khan on health and of Danyal Aziz, Chairman of the NRB, on devolution.

Yes the first asset of Pakistan is its population, and the PRSP with all the details put forward during this Forum constitutes a clear cut from the past. I still believe that you should consider again our suggestion to give more room to increase faster tax collection and the public expenditures on health and education. Just let me give you one figure : the proceeds of the privatisation of PTCL would alone represent the equivalent of 4 to 5 years of total public expenditures in education. Speeding up the privatisation could definitely provide more budgetary room for social investment.

2.3. Despite some reservations before the Forum, you have made a judicious choice in selecting the physical infrastructures as the major theme of this PDF.

- a. Because the quality but also the shortcomings of the presentations have shown that there is still a lot of work to identify more clearly the Priority Setting and Sequencing and Strengthening Implementation as well as Monitoring and Evaluation within the New Growth Strategy.
- b. Because particularly the linkages between the physical infrastructures projects, their impact on employment generation, their impact on agriculture and on the rural populations, and not the least, their impact on the environment and on the corruption should probably be much more access accurately before spending these trillions of rupees we have seen on paper.

3. To conclude, France is proud to be a partner in Progress with Pakistan.

We highly value your trust and friendship in a world where we need peace and prosperity for all, which means a frontal attack against poverty and instability. With the restoration of normal economic conditions in Pakistan, with the implementation of the second generation of Reforms, under your leadership, and with the strong support and commitment of the multilateral agencies like the WB and the ABD but also all the UN agencies, we feel that our private sector can now resume their active operations in Pakistan and join its effort with your private sector. As you said in your inaugural address, and again this morning, and as it was clearly shown yesterday with the success story of your telecommunications sector the last few years, the private sector confidence is the key for your new challenge. A company like Total has been very active the last few months and reports a good satisfaction for the new business environment. This is the kind of success story we'd like to multiply.