

**Speech of the Prime Minister at the Inaugural Session of Pakistan Development  
Forum-2006 On 10-05-2006**

**“Drivers of Growth: Unleashing the Potential of the Private Sector”**

**Bismillah-ir-Rahman-ir-Rahim**

**Honourable Delegates**

**Federal Ministers**

**Members of Parliament**

**Excellencies**

**Ladies and Gentlemen!**

**Assala'm-O-Alaikum**

It is a real privilege and pleasure to extend a very warm welcome to all of you, especially to our guests from abroad. We are greatly honoured by the presence of such a wide representation of our developing partners.

The Pakistan Development Forum, institutionalized over the years, provides an opportunity to exchange ideas and our experiences on best practices, share our successes and challenges, retool our thinking and sharpen our policies to take Pakistan forward.

As we moved into the Third Millennium, common progress and prosperity, improving quality of life of our people, and attaining the Millennium Development Goals are our clear mutual interests. Surely, this forum will lead to a greater understanding of ways and means to advance them further.

Ladies and Gentlemen:

Since we met last, Pakistan faced one of the worst disasters of our history. The earthquake of October 8 wreaked widespread devastation and enormous loss of life and property with extensive damage to economic assets, infrastructure and social service delivery. Hundreds of schools, hospitals, government offices, roads and bridges were destroyed. More than 73000 people lost their lives. Over 120,000 got injured and nearly 3 million went shelterless. Hundreds of post-earthquake tremors multiplied the shock and trauma.

Our people took this catastrophe with grace and forbearance and demonstrated tremendous courage and resilience. The galvanized nation stepped forward and reflected our highest values of caring and sharing and provided succour to their fellow citizens. Our 12-point National strategy for Relief and Reconstruction, the compassion and

generosity of the people of Pakistan, both and home and abroad, and the invaluable support of countries across the globe, international community as well as our development partners, especially the multilaterals, helped in smooth transition from relief to reconstruction, which has already begun.

We commend and appreciate your steadfast support in measuring up to the challenges unfolded by this natural disaster. We are committed to the permanent rehabilitation of our people impacted by the earthquake and provide them opportunities to live a fulfilling life. Together, we have done before and we can make a difference now.

Ladies and Gentlemen:

Before turning to the central theme of this year's forum, "Drivers of Growth: Unleashing the Potential of the Private sector", it is important to recall the genesis of our journey towards progress and development that began some seven years ago.

We have crossed that bridge when our economy was fragile; the balance of payments were highly vulnerable to external shocks; the country's debt situation had worsened; foreign exchange reserves were not sufficient to finance even few weeks of imports; We had almost lost our financial sovereignty and international rating agencies had downgraded Pakistan to a selective default level.

We have worked extremely hard over the past seven years under the leadership of President Pervez Musharraf to implement deep and wide ranging reforms covering all elements of statecraft, unparalleled in any developing country, and to achieve national renewal. Our unwavering resolve to reform is manifested in Poverty Reduction Strategy Paper, Medium Term Development Framework, and Vision for 2030 moving towards knowledge based economy.

We have been engaged in painstaking effort to secure economic stability; strengthen our democratic institutions; empower the vulnerable segments of our society; engender development and decision-making process; stem the rising tide for extremism and ensure better standards of living for our people to realize the Quaid Azam's vision of Pakistan as a prosperous, moderate, democratic, Islamic State.

Our reorientation towards persistent reforms and greater self-reliance has made Pakistan one of the fast growing economies in Asia, second to China. Our economic philosophy based on deregulation, liberalization, and privatization; consistency, continuity and transparency of our policies; and dynamism of the private sector have set Pakistan on a high growth trajectory.

Stable fiscal and financial environment with price stability as our central goal is providing certainty to the markets and raising investors' confidence level. Pakistan is fast emerging as destination of choice for investors. We expect the highest ever foreign direct investment this year since independence. Notwithstanding earthquake and oil shocks, we anticipate growth within our target of 6 to 8 percent in the economy.

Never before we have seen such a massive pace of development in the country as it is happening today. Our endeavours are now focused in harnessing the benefits of this economic success into a meaningful gain for all segments of our society and massive social uplift.

Compared with 1999-00, all social and economic indicators are showing positive trend. Poverty has declined from 32.1% to 25.4% gross primary enrolment has increased to 86%, immunization of children has moved to 83%, water supply coverage has expanded to 39%, and per capita is expected to move up to \$800 by end-June. We are doing fairly well in attaining Millennium Development Goals.

We will do all that we can to sustain our forward journey of progress and prosperity and occupy our true position in the comity of nations. We will not risk our macroeconomic stability again. This resolve of our people is reflected in our Fiscal Responsibility Law.

The critical lessons we have learnt in this journey are the overriding importance of holistic home grown reforms which must be carefully calibrated and implemented in tandem with each other and that reforms cannot succeed without more accountable and inclusive public institutions and good governance.

Ladies and Gentlemen:

Traveling through Pakistan, I am struck by the extraordinary potential of our people and their efforts for a better tomorrow. Pakistan's drive towards a fully market-oriented economy is showing results even in some of the farthest reaches of the country. We are witnessing a major transformation. Change is taking place all around us: change not only in physical structures such as infrastructure, logistics, supply chain, housing and the use of information and communication technology but also in the outlook, the thought process, the entrepreneurial regime, the increasing professionalism and the pride in being a Pakistani.

The change is also visible in the way government structures at every level are expected to function and are committed to a Pakistan, which has unity in diversity, which recognizes the significance of its strategic location, shifting paradigm in governance, opportunities and challenges of globalization, existing realities and thus incorporate them into our plans and actions.

Ladies and Gentlemen:

Going forward, the sobering array of challenges that confront us are to sustain acceleration in growth within a band of 6 to 8 percent over 5 to 10 years, supply of assured and reasonably priced energy, adequate water resources and their distributional management, food security, bridging the skill gap, higher productivity and job creation.

Our social challenges include providing more schools for our children, access to clean drinking water, sanitation and better health services, mainstreaming gender as equal partner in the development, and improving quality of life.

We also realize that the 21<sup>st</sup> century is not merely a chronological change but marks a new era of technological advancement. The scientific and technological process is profoundly influencing our economics, politics, culture and the way of life. It is ushering a new paradigm that distinguishes itself from others by transitioning towards knowledge based economies requiring global skills for our work force.

Ladies and Gentlemen:

We are not deterred by the enormity of the task, we are moving ahead step-by-step, brick-by-brick and are well on our way to meet these challenges upfront as doing nothing is not an option. We have moved beyond statements of intent on many fronts to statements of to do while leveraging our locational advantage.

Pakistan is located at the confluence of three vital regions---South Asia, Central Asia, and West Asia ---providing shortest access to the sea for all landlocked countries of Central Asia as well as Western China. It is therefore uniquely positioned to leverage this location as a bridgehead for multiple corridors of cooperation between all three regions involving energy, trade, transportation and tourism.

To facilitate and operationalize this access, we are developing Gwadar not only as a transshipment port but also as an “energy port” by establishing mega refineries as well as negotiating on multiple options for laying gas pipelines and pursuing multi-directional plan including harnessing alternate energy sources to ensure secure and reliable supplies for meeting our growing energy needs.

We have already planned to construct new water reservoirs to sustain high agriculture growth, ensure water supply for drinking and commercial use, generate hydropower and prepare ourselves for the challenges of global warming. Ground breaking of Diamer Basha Dam is the first step in this direction. Work on other dams already announced by our Government will commence soon. We are already in touch with our development partners to seek their assistance in this regard to achieve water security.

We are also working on developing new technologies and approaches aiming at increasing productivity of land, sustainable use of genetic resources, production diversification and good agriculture practices to ensure sufficient food supplies for our people.

We recognize that rapid movement of goods across North-South Corridor of the country at reasonable freight is essential for accelerated economic growth and to make the country more competitive in the international markets as well as providing access to Central Asia. Infrastructure upgradation establishing state of the art end-to-end supply

chain and providing modern logistics along this corridor facilitating port-to-premises delivery are already underway improving our competitiveness.

We have increased investment manifold in our human capital, our most valuable asset, to equip them with global skills and to provide them appropriate education and healthcare. We are working towards creating a pool of knowledge workers, innovators and technology drivers to leverage our comparative advantages. We are consolidating developed structures and strengthening fiscal decentralization.

Being a signatory to Millennium Development Goals, our public policies has been retooled to engage our women in political and economic decision making as equal partners, environment upgradation and reinforce the current momentum of improved service delivery.

Turning to the theme of this forum, Ladies and Gentlemen, not long ago, governments were judged on what they owned and how much they spent rather than the services they delivered. Today, the paradigm has changed. We recognize the private sector as the main engine of growth and the primary source of employment generation. Government's role in changing paradigm is to formulate policies, provide enabling environment and facilitate independent regulators. Our focus now is on outcomes and not on activities or the scale of our ownership, as manifested in our successful privatization program, to sharpen our competitiveness.

It is our conviction that the public-private partnerships are a cornerstone in delivering public services in the twenty first century. We have opened up all sectors of the economy with level playing field to both domestic as well as foreign investors. Our partnerships are already a great success story arousing interest from all over the world. We have made considerable progress in key areas such as oil and gas, power generation, steel production, telecommunication, banking, information technology, microfinance, and many others. We are now gearing up our efforts to maximize their contribution to our infrastructure development and other avenues.

It is now for the private sector to exploit these opportunities. They must appreciate that innovation and entrepreneurship will define that 21<sup>st</sup> Century. Knowledge development and commercialization are the new drivers of economic growth. Our ability to create new innovations and harness their potential will directly impact our market share and prosperity. Through new ideas, best practices, innovative approaches, we can stimulate new thinking and, critically, new action.

We understand that small and medium enterprises in the private sector are pivotal to help pushing growth, creating employment and poverty alleviation. Unleashing homegrown capital can create a pool of resources for local entrepreneurs to set up small business and diversify the economic base. Microfinance, a new pillar of development, is yet another instrument to unleash the ideas and energies of local entrepreneurs with a potential to grow, to forge linkages with other business to drive the national economy forward.

Clearly, the strong expansion in the private sector investment over the last few years has been the main driver of accelerated economic growth, essential for alleviating poverty and making rapid progress towards MDGs. We expect that the domestic private initiative and entrepreneurship will contribute to harness the potential of SMEs also.

Ladies and Gentlemen:

To conclude, we believe that development is a national responsibility which must be carried out with dignity, transparency and clear deliverables. While we recognize the contributions of the civil society and NGOs in development, we must fight redundancy and ensure accountability with measurable goals and targets. Our message is to help us to help ourselves.

While sharing our experiences and best practices, we must understand that:

- Change is painful but staying still is not the option. Change is the only constant in life. We must continue the reform process moving from first to second generation reforms.
- We must continue to improve our competitive environment to meet the global challenges through sustained investment in infrastructure, science and technology, education, healthcare and engendering development.
- No one model of economic growth or reforms fits all countries, all situation. It must be tailored to local economic and cultural context;
- The success of any aid program anywhere is when a country stops using anyone as a crutch;
- Private sector need assurance of a level playing field, regulatory regime that facilitate entrepreneurial activity and predictable policy regime;
- Developed world need to extend support to entrepreneurs of the developing countries in acquiring technology, skills and knowledge crucial to our economies in as much as it is for the developed economies and help bridging the digital divide;
- It is important to forge linkages between multinational corporations and local business to make them more competitive in the world market, increasing productivity, enhancing their earnings and thus raising the standards of living; and
- Public-private partnerships need to create synergies to ensure equitable distribution of wealth and win-win for all.

We should build on our gains. We need to enlist the best skills and expertise so that we deliver value for money to our constituents and public services fit for the twenty first century. Together we can rise by unleashing the potential of the private sector. Together we can build a smarter, peaceful, more vibrant and progressive Pakistani. It is our belief that Pakistan of today and tomorrow is not the Pakistani of yesterday. Pakistan of tomorrow will be the land of hope and opportunities.

**Pakistan Zindabad.**

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