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Statement by the Hon. **MUHAMMAD HAMMAD AZHAR**,
Governor of the Bank for **PAKISTAN**

Statement by the Hon. Muhammad Hammad Azhar,
Governor of the Bank for Pakistan

Chairperson,
Fellow Governors, and
Distinguished Delegates

It is an honor for me and my delegation to participate in the 2019 Annual Meetings of the World Bank Group and the International Monetary Fund. I would like to express my gratitude for a warm reception, hospitality, and making excellent arrangements for the meetings.

World Bank Group and Pakistan

Pakistan and the Bank have been working together since 1952 for achieving common development agenda of poverty reduction, gender equality, social development, infrastructure building and enhancing growth, etc. The current World Bank portfolio in Pakistan is around US\$9.2 billion covering almost all major sectors of the economy. We are thankful to the Bank for aligning its support with the Government priorities.

Utilization of Pakistan country allocation under IDA is distinctively focused on key priority sectors of energy infrastructure, social protection, revenue generation, service delivery, water resource management, environment, education, strengthening enabling environment for private investment, and human capital etc. The Government and the Bank are working together to strengthen governance, accelerate service delivery, improve public finance and fiscal management, and achieve social sector targets.

International Finance Corporation

Since 1956, International Finance Corporation (IFC)'s cumulative long-term commitments have amounted to over US\$ 4.5 billion (including US\$1.2 billion in mobilization) along with over US\$ 4.0 billion in short term trade finance. In the coming years, IFC's portfolio in Pakistan is expected to rise substantially. Availing of Advisory Services from IFC for strengthening institutional capacity and introducing policy reforms are under active discussion to better attract investment and improve business environment in priority sectors. In order to encourage private lead growth in the country, the government is taking the task of creating ease of doing business very seriously. Pakistan considers IFC as a valuable business partner.

Policy Reforms by Government of Pakistan

The Government of Pakistan, in collaboration with development partners particularly World Bank, is institutionalizing key policy reforms aiming to improve fiscal management including debt management; reduction of revenue losses of the energy sector and SOEs; and broadening of the tax base. Other policy reforms initiatives aim human capital accumulation including increasing female participation in the labor force and strengthening

safety nets system that is appropriately equipped to respond to shocks. To create fiscal space for enhanced development spending and job creation, tax revenue mobilization is a high priority of the government.

First phase of CPEC projects in Pakistan is near completion, now focus is on second phase including establishment of Special Economic Zones which will transform the transport network into an economic corridor. The CPEC has now entered into a phase where representation from the private sector will accelerate pace of industrialization. The scope of CPEC has been focused on industrial and agriculture cooperation, socio-economic development, trade and market access.

Promoting manufacturing by creating a more investment-friendly environment, and encouraging innovation and modernization in export-led industries are some of the measures the government is taking to address the trade deficit in the long-term. Pakistan is also pursuing launch of “Pakistan Goes Global Project” in collaboration with World Bank to enhance effectiveness of policy reforms in trade and investment and improve firms’ access to export markets.

Government is also focusing on housing and tourism sectors to help generate employment opportunities in the country. Government is pursuing an ambitious target of constructing up to 5 million low-cost houses that would largely cater to the poor. Financed by the private sector and commercial banks, the scheme promises to generate new avenues for investment and create employment opportunities in the country. For unlocking the true potential of country’s tourism, government has earmarked considerable amount in Public Sector Development Program during current financial year for promotion of tourism at national and international level. The government initiative of online visa regime has already started yielding positive results. The government and the Bank are working together to improve tourism-enabling infrastructure, enhance tourism assets and strengthen destination management for sustainable tourism development. Focus of government will be on modern technologies which are vital to uplift this sector.

Investment in Human Capital: Latest initiative ‘EHSAAAS’ of Government is about investing in Human Capital Development. Government intends to increase spending on underprivileged segments of society through newly created ministry for “Social Protection and Poverty Alleviation”. Besides other development partners, the Government, in collaboration with the World Bank is also pursuing one Federal and two Provincial Human Capital Programs (aligned with government priorities) worth around US\$1.0 billion.

Pakistan is currently passing through a transformation phase under the leadership of Prime Minister Imran Khan. This transformation aims at complete re-shape and overhaul of government institutions and policy regime to reap the economic potential of the country. According to a recent World Bank report, with sound economic policies, Pakistani economy could reach US\$ 2 trillion by 2047. What is required is formulating and implementing policies which liberate the economy to actualize its growth potential. The foremost commitment of the government is to restore macroeconomic stability in the shortest period of time while also protecting the poor and vulnerable.

With the ongoing reforms agenda of the visionary leadership of Prime Minister of Pakistan, we are confident that Pakistan will soon be back on high growth trajectory.

At the end, I would like to once again express my sincere appreciation for the Boards of Governors, management of the World Bank Group and the International Monetary Fund for extending their continued support and co-operation to Pakistan.

Thank you.