Mr. President,

Our debate on the implementation of the Monterrey Consensus on Financing for Development is important and timely to ensure the success of the September High-Level Event. The September Summit can be a success only if our leaders can agree on a concrete plan of specific actions to achieve these agreed development goals.

2. In September, our leaders will need to muster the political will to meet the imposing challenges we face: the systematic inequalities against the developing countries; the growing gap between the rich and the poor; rising numbers of the poor; the unfulfilled commitments of development "partners." Yet, Pakistan believes it is possible to generate the political will to end global poverty in our lifetime. After all, we have a broad agreement on the development policies and goals; the visible support of common people for the development agenda; the global availability of financial and technological resources; and the example of economic success of several developing countries.

3. The Chairman of the Group of 77 and China, the distinguished Minister from Jamaica, has identified the major elements and specific actions which the developing countries believe are essential elements of a Road Map for realization of the internationally agreed development goals.

4. Firstly, sound national policies and correct governance. Good policies can turn around the worst performing economies. In Pakistan, with sound policies, we have within four years acquired macro-economic stabilization and accelerated economic growth to 8.4% this year – one of the fastest rates of growth in Asia in virtually all sectors of the economy – manufacturing, agriculture, energy, services and information technology. With realistic hope for peace in our region, we will endeavour to sustain this positive trend and forge close economic partnerships with China, South Asia, Central Asia, East and West Asia, including the Gulf region as well as our developed country partners.

5. Secondly, development cannot take place without adequate financing. Development will be difficult in these countries so long as there is a net outflow of resources from the developing to the developed countries. This outflow was $312 billion in 2004. This must be transformed into a substantial net inflow.

6. Viewed in this context, the ODA targets and the scope of debt relief under consideration appear quite modest and unless, supplemented by other means of financing, inadequate to achieve the MDGs and other agreed development goals.

7. The quickest means of doing so is substantial and generous debt cancellation and relief. In this context, the Summit should endorse: (a) the redefinition of ‘debt sustainability’ as the level of debt consistent with achieving national development grants; (b) 100% debt cancellation of HIPC countries; (c) significant debt cancellation for non-HIPC poor countries, and: (d) more debt relief for heavily indebted middle-income countries.

8. The endeavour to generate “innovative” means of financing is long overdue. The debate and decisions on these mechanisms cannot be taken exclusively in the caucuses of the rich; the developing world should be fully involved in this process. The flows generated through these new and innovative mechanisms must be additional and should complement the regular flows, including FDI. Some of the “old” ideas to generate additional financing can and should be
implemented, for instance, revision of IMF quotas, sale of IMF gold reserves, creation of SDRs linked to development, and improved international cooperation to enhance the coverage of tax administration with a view to restraining capital flight. Clearly, the financial resources are available in the world economy, what is required are conscious measures to ensure that this international liquidity is more equitably distributed – not the present 90 to 10% North-South ratio.

9. The developing countries must generate domestic resources, acquire enhanced official development-flows and attract external resources for investment.

10. Most developing countries continue to require external financial assistance to directly address the goals of poverty eradication, infrastructure and skills development and creation of capacity for production and trade. We welcome the declaration from the Group of 8 favoring debt cancellation, time-bound commitments for an enhanced ODA, and the efforts for additional innovative financing. The real impact will depend on how these schemes are actually implemented.

11. Foreign direct investment flows can and should be encouraged to a wider circle of developing countries. They facilitate technology transfer, create jobs, boost productivity, enhance competitiveness and accelerate economic growth and eliminate poverty. The Monterrey Consensus recognized that private international capital flows, especially foreign direct investment (FDI), along with international financial stability, as vital complements to national and international development efforts. Unfortunately, FDI flows to developing countries is only a small fraction of global investment flows and it is concentrated in only a few “emerging markets.” The September Summit should endorse national and international measures to generate domestic as well as foreign direct investment in the low-income countries. These measures could include international and national investment guarantee schemes, tax and other incentives, revised “risk rating” arrangements and similar arrangements which can help to direct a greater flow of private investments to those developing countries which cannot attract such transfers through normal market mechanisms.

12. Thirdly, an open and equitable international trading system is indispensable for sustainable growth and development. At the September Summit in New York, we need to identify the ‘development’ objectives of the Doha Round, and undertake to achieve these, including some actions that can bring immediate benefits for the developing countries even before the conclusion of the Round. These immediate steps should include:

- Agreement on end date for eliminating agriculture export subsidies by the developed countries, including an early end to cotton subsidies;

- A commitment to the elimination of tariff peaks and tariff escalation against exports of developing countries;

- Moratorium on the use of anti-dumping actions against low income countries;

- An end to arbitrary and abusive use of sanitary, phytosanitary and other standards to restrain exports of low income countries;

- Initiation of a development review of the TRIPS Agreement.

And, we need accompanying actions for example, to stabilize commodity prices, build trade capacity in the poorest countries and address the increasingly important and sensitive issue of international integration.
13. **Fourthly**, we must redouble efforts to facilitate access to technology for developing countries through a review of the international regimes and by ensuring larger R&D expenditures on the areas and issues of priorities for the developing countries.

14. **Finally**, we need – apart from good national governance – also good global governance. This implies the induction of equity in the international economic policy making, including in the IMF, WTO, International Bank of Settlements etc. It also implies more concerted efforts to ensure responsible corporate conduct and an end to the illegal transfer, and refusal to repatriate resources generated through corruption and crimes.

15. In this context, the United Nations – the political arm of the global economic system – must be empowered, in practice, to promote such good global governance, especially through the Economic and Social Council.

16. As outlined in the paper on ECOSOC reform which I have forwarded to you, as Council President, the ECOSOC can serve as an effective forum for policy dialogue, for development cooperation, for reinforcing the linkage between peace and development are in enhancing coherent and coordinated action within the UN system.

17. I would, in this context, propose that ECOSOC should convene an Annual Ministerial Meeting to review the implementation of the internationally agreed development goals by both the developing and the developed countries, on the basis of specific reports submitted by the Secretary-General and the concerned countries.

**Mr. President,**

17. The reform and revival of the UN to which so much energy is being devoted can only emerge from the principles of justice and equality enshrined in the UN Charter. UN reform will be hollow so long as mass poverty, hunger and disease stalk many of our nations, conflicts convulse so many societies and the world remains pervasively unequal and, in many ways, unjust to the poor and the powerless. The September Summit must act resolutely to redress these inequities and overcome the deprivation of suffered by the majority of the world’s peoples.