Mr. Chairman,

We thank the Secretary General for his useful report on this agenda item.

2. Pakistan delegation would like to associate itself with the statement made by the distinguished representative of Jamaica on behalf of the Group of 77 and China.

3. Development could be described as the combined and judicious application of technology, labour and capital. The quantity and quality of each of these factors of production affects the pace and outcome of a development endeavour.

4. The availability of capital is vital, not only as one of the 3 factors of production but also as a means of developing the other two.

5. The single common characteristic of developing countries is the low availability of investable or surplus capital. There are several ways in which we are all trying to generate the much needed financing for development.

6. In Pakistan, with sound policies, we have turned around our economy in a very brief time. The two areas that we concentrated on and which we thought were the real malaise that lay at the root of Pakistan’s economic troubles were first the fiscal deficit and the second the balancing of external payment deficit.

7. The fiscal deficit was tackled by reducing establishment costs and increasing revenue generation, freezing defense expenditure and controlling the haemorrhaging of the public sector corporations. By documenting our economy, we increased our revenue generation by 100%. This way the fiscal deficit was brought down from 8% to 4%.

8. We handled our external balance of payments deficit that stood at five billion dollars per year, five years back, by reducing our expenditure that was mainly on debt servicing. We reduced it through debt write offs and debt relief and also through reducing our own debts. We increased our export earnings by over 100%, we increased our remittances by over 500% and Foreign Direct Investment by 400%, over the past 5 years.

Mr. Chairman,

9. As experience shows, domestic financing alone would not lead to rapid development. It requires sizeable and critical amounts of external finances – as grant assistance, loans, export earnings, foreign direct investment or other capital market flows.

10. Official Development Assistance is the most important source of financing for the poorest countries. We welcome the commitments to the 0.7% ODA target made by most of the developed countries.

11. We also 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.
12. Pakistan has the potential and absorptive capacity for much faster and broader development growth, specially for investment in the social sectors and for infrastructure development. We are seeking larger Official Assistance from the World Bank, Asian Bank and bilateral donors to undertake several of the infrastructure projects, which would help Pakistan to build itself as a transit hub for the adjacent regions.

13. We also support consideration of new and innovative means of financing development.

Mr. Chairman,

14. Trade is vital component of development and development financing. Our trade potential is constrained by inequities in the global trading system, among others by agricultural subsidies and high duties and tariff escalations. Pakistan on average faces significant tariff disadvantages. Moreover, we also confront non-tariff barriers, including the new and often arbitrary standards, as well as the use of anti-dumping that block the growth of our exports.

15. Despite these constraints on our exports, Pakistan is one of the best locations for investment. Yet, we and other low-income countries, are not benefiting fully from FDI flows mainly due to perceptual problems. Two steps can be taken: one, minimize political misperception through more objective analysis; and two, adopt conscious policy measures, national and international, to direct FDI flows towards low-income countries.

16. Such positive and conscious measures could include: streamlining and enhancing the transparency of risk rating mechanisms; facilitating FDI in infrastructure development; and initiating measures to mitigate the impact of excessive volatility of short-term capital flows.

17. There are various other ways and means as well in which finances could be secured for development. For instance, through better and efficient management of existing resources; by curbing the transfer of illicit funds from developing countries and to ensuring their repatriation to the countries of origin; and by reviewing effects of tax havens on flight of capital and tax revenue generation in developing countries.

18. Finally, we need – apart from good national governance – also good global governance. This implies the induction of equity in the international economic policy making.

Mr. Chairman,

19. The Summit 2005 has called upon the United Nations to play a fundamental role in promoting international cooperation for development and in coordination and implementation of development goals and actions agreed by international community.

20. The 2005 Summit has also assigned several responsibilities to ECOSOC in promoting policy dialogue, development cooperation, post conflict development, and coordination within the UN system. All this is useful in the context of the Monterrey follow-up process.

21. We have taken note of the recommendations made by the Secretary General in his report on strengthening the Monterrey follow up process. Earlier, we also outlined our views and thoughts on the larger question of implementing internationally agreed development goals including MDGs.

22. Pakistan delegation is ready to engage with others in devising ways and means for an effective follow up to Monterrey.
23. Before concluding, let me also welcome the offer of the State of Qatar to host the Follow-up Conference on Financing for Development in 2007.

I thank you.