



# PAKISTAN

PERMANENT MISSION TO THE UNITED NATIONS

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56 Rue de Moillebeau, 1211 Geneva Tel: (4122) 734.7760 Fax: (4122) 734.8085

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**Statement**

by

**His Excellency Mr. Shaukat Aziz  
Prime Minister of the Islamic Republic of Pakistan**

on

**“Working out of Poverty”**

**High Level Segment of the 2006 Substantive Session  
of the Economic and Social Council**

**Geneva  
3 July 2006**

It is a real privilege to be in your midst today to share with you my thoughts for taking forward our agenda on working out of poverty and to achieve the Millennium Development Goals.

Ladies and Gentlemen:

We meet at a time of great challenges and opportunities for the world. We have seen historic progress during the last decade in many countries and regions, yet a large part of the world's population continues to be at the margins of subsistence. Illiteracy, malnutrition and disease continue to command a large segment of humanity to perpetual poverty. The existence of poverty in the midst of global prosperity is undeniably the most serious challenge confronting the world today.

Going forward in the third millennium, the sobering array of other challenges that we face ranges from supply of assured and reasonably priced energy to ensuring adequate water reservoirs, global warming, food security, vulnerability to natural disasters, threat of pandemics, terrorism, proliferation of weapons of mass destruction, and digital divide.

Nevertheless, there is no greater challenge to humanity, nor to the international order than the failure to realize the United Nations' vision of promoting "better standards of life in larger freedoms".

The key factors that are influencing our social and economic milieu include: one, increasing economic integration with flow of capital, labour and technology across borders that has led to immense industrialization resulting into structural shift in production as well as impacting the distribution of global savings and investment flows; two, premium placed on security emanating from geopolitical and bio-security considerations and high energy prices; and three, the widening trade imbalances and income gap between the rich and the poor seemingly making MDGs out of reach by 2015.

The world's vibrant economies, today, are justifiably concerned with the imbalances in global trade, budget deficit, rising oil prices and fluctuating currencies. There are signs of global economic fragility. These imbalances also affect, perhaps most acutely, the poorest and most vulnerable peoples.

Yet, Ladies and Gentlemen, there is a great opportunity within our collective grasp---an opportunity that is indeed historic and presents itself only rarely during lifetime. The world has, perhaps for the first time in history, the collective capacity to end hunger and poverty, realize the promise of universal prosperity, save succeeding generations from the scourge of war and promote social progress. Today, we have the vision of a world where the poor for once not only dare to hope and dream but also see and feel positive changes in their lives.

While globalization has exposed us to new challenges, at the same time, it offers huge opportunities. Much of the world's prosperity and improved living standards in recent years derives from the expansion of global trade, investment, information, and technology. As I often said, globalization is a tide which we must learn to ride or we will be swept away. We need to leverage its opportunities to overcome its challenges.

To do so, we must adjust to changing paradigm unfolding before us rather than remain mired in the past. At the heart of this transformation is the willingness and the capability to undertake deep, broad-based and comprehensive reforms to open-up the economy, freeing up the entrepreneurial spirit of the private sector, empowering our women to become part of the dynamics of positive globalization and good governance. We must remember that reform is not a one-off measure but a continuous process---a tread mill on which we cannot afford to stop or slow down.

Ladies and Gentlemen:

Never before the world was so closely linked as it is today. No longer can the nations remain isolated and indifferent to global occurrences. In our increasingly interconnected world, the symbiotic relationship between development and security is self-evident. Once again, the demands of ethics, peace, security and economic interest are converging.

We understand that peace and stability is an essential prerequisite for growth and development that requires countries and regions to resolve their mutual disputes and differences. Only then would we be able to create the enabling environment to facilitate development. Only then would we be able to focus our energies and resources on progress and prosperity of our people. Therefore, we must address the peace and security with the same urgency as poverty and development.

Ladies and Gentlemen:

While development is urgent and difficult, doing it with dignity is even more painful. In my view, the edifice of development with dignity is based on four pillars including economic sovereignty, democracy, good governance and social inclusion that reinforces diplomacy, reduces threat to national security, helps in building stable, prosperous and peaceful societies and mitigates poverty in the long run.

We can move forward towards working out of poverty and development with dignity by pursuing the following broad framework that can be adapted to local situations as there are no "one-size fits all" models:

First, to firm up holistic homegrown reforms and develop absorptive capacity for which the primary responsibility is that of the developing countries themselves. They have to provide the vision, the spark and the commitment to restructure and to deliver reform within a stable macro-economic framework. History has shown us that only when we do our part will others do theirs. Reforms must be carefully calibrated and implemented in tandem with each other and must have total ownership backed by strong political will and conviction based on a vision and philosophy which has broad participation.

Second, improving the investment climate as well as unleashing the opportunities for the private sector is vital to attract global capital for investment and to benefit from the dynamism of private enterprises that will throw up millions of jobs, raise income level and sustained reduction in poverty.

Third, we believe aid should not be used as permanent crutch but as a means to help us to help ourselves. Raising the effectiveness of aid through creating a sound environment, an appropriate framework for investment, ensuring good governance, achieving high standards of transparency and involving civil society is our prime responsibility.

Fourth, trade which brings new technology, new ideas, new work culture and expectations of openness. Greater access to the markets of wealthy countries has a direct and immediate impact on the economies of developing nations and is vital for growth, financing development, generating employment and reducing poverty. Every extra dollar of exports from a developing country feeds a poor family and builds a better future for them.

Developing countries need a fair and transparent global trading system, and the capacity to take advantage of it. The huge subsidies provided by developed countries to their farming and other sectors, and the denial of market access to the most dynamic exports of the developing countries, such as textiles, through high and escalating tariffs, generate concerns over unfair trade. We must, therefore, endeavour to achieve the development goals of the Doha Round of trade negotiations.

Furthermore, the developed countries should progressively remove restrictions against the migration of labour and provide incentives for direct investment in developing countries.

Fifth, we look for partnerships with the developed world that provide not only concessional financing flows but also technology and knowledge to bring the developing countries at par. This would be crucial contribution to the promotion of the global development goals.

Sixth, building up educational and skill levels, becoming technologically innovative, improving productivity and managing international integration is must. As we package reforms and act, we must remember that the true source of economic progress is the creativity and ingenuity of our human capital, our most valuable asset. We must invest in our people to prepare them to attain global skills and enable them to harness their true potential. Truly, the greatness of a society is secured by unleashing the greatness of its people.

Seventh, translating the benefits of growth and development into meaningful gain for our people is crucial. All that we may espouse or theorize or achieve in macro-economic stability and reform will come to naught, if it does not lead to a better life for the countless poor people who have known nothing more than the squalor and indignity.

Lastly, the most important element perhaps is the visionary leadership, capable government and strong institutions with the ability to think and plan on long term basis, to prioritize challenges and responses, to promote equitable economic growth and development and to mainstream gender, encourage social inclusion and create jobs for poverty alleviation.

Excellencies and Distinguished Delegates:

Let me now share with you Pakistan's policy of comprehensive multi-sectoral reforms which have helped in our struggle against poverty and our quest for enhancing the economic growth, development and welfare of our people.

Over the past seven years, in pursuance of our policy of development with dignity, Pakistan has undergone a qualitative transformation achieved through broad based home grown structural reforms encompassing all areas of the economy, social sectors, governance and development. These reforms are rooted in national ownership and iterated below:

Improving governance through transparency and accountability, as well as consolidating devolution by ensuring democracy at the grass roots, both as a means of empowerment and better service delivery apart from ensuring social and economic justice;

Sound economic management based on our philosophy of deregulation, liberalization and privatization. Better fiscal and monetary discipline by controlling fiscal deficit, balancing external payment deficit, increasing revenue generation;

Achieving high and broad-based economic growth focusing particularly on the rural economy, while maintaining macroeconomic stability;  
Investing in human capital with a renewed emphasis on effective delivery of basic social services;

Bringing the poor, vulnerable and backward regions into the mainstream of development through targeted interventions and expanding social safety nets;  
Focus on empowerment of women and minorities as well as improving the access to quality healthcare and education; and

Pursuing peace and cooperation through dialogue and forging close bilateral and regional economic partnerships in order to leverage our strategic geographical location at the crossroads of three vital regions – South Asia, Central Asia and West Asia.

This multi-pronged strategy has yielded rich dividends. We have witnessed an unprecedented surge in economic growth, poverty reduction and development. The size of our economy, together with per-capita income and revenue collection are on the rise since 1999.

Today, we are one of the fast growing economies in Asia. Pakistan is fast emerging as destination of choice by investors because of liberal investment policy and low tariff regime and this year, we received highest ever foreign private investment since our independence. Better credit rating and improved debt profile has made our paper highly attractive in the international capital markets.

Pakistan's economic performance is especially satisfactory when assessed against the backdrop of the rising energy prices and the massive destruction caused by the October 8, 2005 earthquake in Pakistan.

The high growth trajectory and accelerated pace of development maintained over the past several years created millions of jobs and has helped in raising per capita income as well as bringing down poverty from 34.5% in 2001 to 23.9%, a decline of 10.6 percentage points.

Mindful of the challenge of jobless growth and its implications, employment generation remains a major priority of our poverty reduction strategy. We have taken a series of policy initiatives to promote productive employment and decent work environment.

These include encouraging small and medium enterprises, establishment of National Vocational and Technical Education Commission to upgrade skills of our workforce as well as making them more demand oriented; establishing national skills standards, certification and accreditation; sustained increases in investment in technical education as well as new skills;

and pursuing upgradation of our industry, absorbing the revolution in technology, and seeking expansion of our value-added sector.

Our country program for decent work aims at achieving four strategic objectives: (i) fundamental principles and rights at work; (ii) employment and income opportunities; (iii) social protection and social security; and (iv) social dialogue and tripartism. We are committed to promoting and protecting the lawful rights of our working men and women.

We are proud of the achievements made over the past seven years to ensure prosperity and socio-economic progress for our people. We have achieved development with dignity. But, at the same time, we recognize that much still remains to be done. We have, accordingly, embarked on a second generation of reforms covering infrastructure up-gradation, institution building and human resource development.

Ladies and Gentlemen:

Turning to the responsibility of United Nations and its allied bodies in working out of poverty, we recognize that the UN has a pivotal role to play in advancing the global development agenda as envisaged by the UN Charter. It is, therefore, incumbent on us to ensure that the advantages offered by the United Nations' system, its universality, neutrality, expertise and convening power, are utilized more fully and effectively.

As a Co-Chair of the UN Secretary General's Panel on Coherence, together with Prime Ministers of Norway and Mozambique, and with other distinguished Panel members, we are doing our best to evolve recommendations that could enable Member States to build a United Nations development system that is fully equipped to support developing countries in their national efforts to realize the MDGs and other internationally agreed development goals; to respond to the global challenges of the 21<sup>st</sup> Century and to help in realizing the UN Charter's goal of universal prosperity.

We believe that a revitalized Economic and Social Council can play an effective role in the implementation of the agreed goals and commitments. On the basis of the proposal developed by Pakistan, together with a few other member states, during its Presidency of ECOSOC last year, the 2005 World Summit has assigned several responsibilities to ECOSOC for promoting policy dialogue, development cooperation, post conflict development, and coordination within the UN system. We look forward to the early implementation of the Summit's decisions on ECOSOC Reform and Development.

To conclude, Excellencies, Ladies and Gentlemen, we have a global partnership of mutual responsibility, accountability and above all, trust forged at Monterrey and reaffirmed at Johannesburg. The world perhaps has rarely, if ever, seen such unanimity of views on issues impacting the global community.

We have the availability of sufficient financial, technical and human resources; the instruments of national action and international cooperation to apply these resources for rapid growth and development. And, we have examples to show that with the right policies and determined efforts, economic success can be achieved even in the most difficult circumstances.

The challenge before us is to translate this vision into reality. We cannot afford to lose time further if the Millennium Development Goals are to be achieved by 2015. We must deliver on our promises to the noble ideals we agreed in the Millennium Declaration and Monterrey Consensus.

We are inching forward to that direction but much more needs to be done. We must respond to great humanitarian needs and challenges of our time to lay the foundation of lasting peace for our children and grandchildren.

Recognizing that official development assistance is essential to jump start growth, development and poverty reduction, such assistance should be adequate and respond to national development priorities and programs.

Nevertheless, we must move away from donor-client relationship to genuine partnership between developed and developing nations recognizing the latter as full and equal participants with all the responsibilities allowing their equitable integration into the global economy. Our global financial architecture must reflect the emerging economic realities and create conditions that would reverse the outflow of financial resources from developing to the developed countries.

We have witnessed overwhelming power of nature in the recent past; we have seen even greater power of human compassion demonstrating that the world is more compassionate and hopeful when we act together. Let us together build a bridge between developed and developing nations, between each of us, between rich and the poor promote relationship based on shared vision for the world, mutual respect and understanding deliver on our promises and commitments for developing an integrated global community free of hunger, disease and unemployment work towards achieving an equitable international order with reinforced multilateralism to bequeath to our present and future generations a stable, peaceful, compassionate and prosperous world with mutual dependencies and win-win for all.

Together we can do it and together we can rise.

Thank you