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Statement by the Hon. **SHAUKAT AZIZ**,  
Governor of the Bank for **PAKISTAN**,  
at the Joint Annual Discussion

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It is a great honor and privilege to address the 57<sup>th</sup> Annual Meetings of the World Bank Group and the Fund. I also join my other colleagues in appreciating the excellent arrangements and the hospitality extended to us.

2. Mr. Chairman, we live in times that pose unprecedented challenges and also opportunities. Despite the ample progress made, a large part of the world's population continues to be deprived of the means of the most basic sustenance. Even larger numbers exist on the margins of subsistence. Illiteracy, ill health and poor nutrition continue to condemn large segments of humanity to perpetual poverty.

3. Yet Mr. Chairman, there is a great opportunity within our collective grasp – an opportunity that is indeed historical and presents itself only rarely during a lifetime. Today, we have the vision of a world where poverty, disease and want are banished, where the poor not only once more dare to hope and dream, but also to see and feel and appreciate the positive changes in their lives.

4. Mr. Chairman, all that we may espouse or theorize or achieve in macro-economic stability and reform will come to naught, if it does not translate into a better life for the countless millions who have known nothing more than the squalor, despair and humiliation that only the poor know and understand.

5. Today, Mr. Chairman, 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 a unanimity of views on issues affecting the global community. This is indeed the challenge before us – to translate this vision into reality – can we walk the talk? Mr. Chairman, we cannot afford to lose any more time.

6. The primary responsibility for development 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. The developed world must help us to help ourselves. This is the bottom-line. We do not look for permanent crutches. We look for partnerships that provide not only concessional financing flows, but also knowledge and above all, access to markets – for trade is really the least cost solution for the world at large. What is the point of enhancing capital flows if capacity to repay them continues to be constrained by restrictive trade practices? We therefore very much welcome the role of the Bank and the Fund in playing the lead role in both advocacy and coordination with other development partners in focusing on access to markets as these lead to sustainable development. We feel that trade must be placed

even higher on the agenda of the development dialogue – we urge industrial countries to reduce tariffs and non-tariff barriers ahead of the development round as a gesture of the partnership that binds us together.

7. We welcome the several initiatives that are being taken by the international community. We deeply appreciate the conclusion of IDA 13 not only for the resources made available, but also for the participatory nature of the process. We also welcome the provision for grants but emphasize that this should not hurt IDA's financial structure or impair its ability to extend concessional assistance. We also welcome the several bilateral commitments to enhance ODA. We urge that these pledges be operationalized with some urgency to augment financial flows to developing countries as a counter cyclical off-set to the current fall in private capital flows and the downturn in the global economy. The promise of harmonization of donor policies and procedures is yet another welcome step that will reduce the transaction costs of aid and enhance its effectiveness. We therefore look forward to the outcome of the Rome Conference in February 2003. In the development partnership between us, donors sometimes tend to micro manage. This we caution against since micro-management dilutes both capacity and ownership.

8. The enhanced HIPC initiative has played a critical role in the path to debt sustainability within a stable macro-economic framework. We however venture to point out that the issue of debt sustainability is far larger than what is being covered under this initiative. We urge the development of an effective mechanism for managing the debt overhang of non-HIPC countries who are undertaking credible reform programs and need fiscal space in order to invest more in human development. We note the work underway on developing a framework for sovereign debt restructuring and only caution that whatever measures are proposed should not impair developing country access to financial markets.

9. Developing countries must continue to strengthen their programs for structural reform, good governance and sustainable poverty reduction. The fight against corruption must be intensified since this corrodes the very vitals of state and society and is the single most serious impediment to progress that hurts the poor and the weak the most. Developing countries must own their programs jealously and implement them vigorously. It is in this context that we support the implementation of anti-money laundering measures and combating the financing of terrorism.

10. The PRSP/PRGF provide an excellent framework for comprehensive development. We note the progress that has been made. We must however sound a note of caution. These country programs must be under pinned by realistic targets, time frames and policy packages. This is imperative if the credibility of the reform process is to be ensured.

11. A few words on economic performance and structural reform in Pakistan. We have come a long way in these past three years. The journey has been difficult and painful but we have not wavered. Macro-economic stability has been restored. A wide ranging home-grown structural reform program continues to be implemented despite a

difficult environment and exogenous shocks. Our programs with the Fund and the Bank are on track. We now look to the continuity and consistency of the reform agenda for which the basis has been firmly and soundly laid. We are now poised to accelerate our war against poverty through a much stronger growth rate. Mr. Chairman, our basic premise is that the benefit of economic reform must reach the people if they are to be useful and sustainable. We urge our development partners to continue to provide Pakistan with the concessional assistance that it needs and enhanced access to markets that must form the basis for vigorous economic growth and sustainable poverty reduction.

12. Mr. Chairman, our vision of Pakistan is a Pakistan that is democratic, progressive, prosperous and where its people lead lives in peace and justice, consistent with our Islamic heritage.

Thank you.