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Statement by the Hon. **CHARLIE MCCREEVY**,
Governor of the Fund and the Bank for **IRELAND**,
at the Joint Annual Discussion

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1. There is a very great deal to be done to create a more prosperous, secure, and equitable world. Eliminating poverty is, most certainly, the greatest challenge facing Ministers for Finance today. The IMF and the World Bank have a critical role to play in this process.

2. The focus of the IMF and World Bank is both on macroeconomic stability and poverty reduction. The IMF's core responsibility for macroeconomic stability is not just end in itself, but is essential to creating the basis for sustained growth - growth which has to be shared more widely, raising global prosperity and promoting social development.

3. The Bretton Woods Institutions can also make a huge contribution to managing globalisation in more positive ways. The anti-globalisation movement is articulate, well-organised and motivated. Working in the supposed interests of global democracy, unaccountable and un-elected groups claim unto themselves the right to set the development agenda, on the grounds that globalisation has robbed nations of the power to determine their own destiny.

4. A lack of historical context is in evidence here. Long before the creation of the Bretton Woods Institutions, all except the largest nations lacked the exclusive power to shape their own future. Market instability, and lack of confidence in the economic and financial system worldwide, were more in evidence between the World Wars than now.

5. Crisis prevention has been at the core of the IMF activity and it has carried out substantial work to strengthen the global economic and financial systems, and to reduce the incidence and the extent of crises. The Bank and the Fund are successes, not failures, despite some popular scepticism.

6. However, we need to do more to get across to the public what we are doing, and what we are going to do in the next few years. In recent years, both the Bank and the Fund have made great progress in increasing the transparency of their own operations. This is most beneficial and I would strongly encourage all Fund members to make their own contribution to transparency by agreeing to the publication of Article IV reports on their economies.

7. In this context, I fully endorse the efforts of the Fund to enhance the effectiveness of its surveillance and would commend its on-going work in streamlining conditionality. I also welcome the progress being made in deepening and widening the collaboration between the Fund and the Bank and would urge

both institutions to intensify their endeavours in this area, so that their combined actions result in the maximum benefit to their clients.

8. Our stated aim is to halve the number of people living in extreme poverty by the year 2015. The millennium development goals were agreed by 189 countries at the Millennium Summit in New York, and Johannesburg underlined the need for rapid progress. Over 1 billion people now survive on less than \$1 a day. 130 million children—mostly girls—have never seen the inside of a school. Nearly 900 million adults are illiterate. Poverty and desperation create conditions supportive of conflict and division. With the MDGs now set, we have clear, time-defined and daunting targets for achieving rapid, measurable improvements.

9. We already know what is effective in reducing poverty, and we know how to identify progress or the lack of it. Above all, we know what not to do, and what does not work. We know too that there are basic conditions that foster successful development. Shared responsibility and political cohesion are pre-conditions for economic prosperity, as are good governance, an impartial and effective legal system, and a well-organized and supervised financial system. Along with democratic values, education and free trade, they are also critical factors in the fight against poverty.

10. As Irish experience shows, foreign direct investment can play vital role in the development process. However, the right domestic conditions are needed to attract FDI. The confidence and trust of international investors has to be built up and earned over a long period of time and should never be taken for granted.

11. It is within the framework I have described that donor assistance can work to maximum effect. The donor community is coming increasingly to realise the importance of supporting countries' own strategies for reducing poverty, by providing what a country needs, rather than what donors prefer to hand out. Here, I would like to note that the EU area is the world's biggest donor of development aid, providing more than 50 per cent of total international aid flows.

12. The Monterrey Consensus recognized our mutual dependence and addressed the issue of debt. Twenty-six countries have now qualified for debt relief under the HIPC initiative, and an average of 50 per cent of their debts will be written off. Our immediate efforts should be devoted to helping those countries still in the HIPC process to help themselves surmount their debt problems.

13. We are already seeing evidence that the funds freed up through debt relief are being channeled into increased expenditure on social programmes. In this, educating girls may well be the highest return on investment available in the developing world. It leads to reduced infant and maternal mortality, improved family health and nutrition, and improved economic conditions.

14. I am a strong supporter of the EU efforts to combat the spread of communicable diseases, which are endemic in many of the world's poorest regions, and more generally, to increase investment in health. AIDS, malaria and tuberculosis are the major diseases to be targeted, as well as more common problems caused by unclean water. In these tasks, we Ireland will endeavour to play our part.

15. May I conclude by a special word of thanks to the meeting organisers. This year, their task has been unusually difficult, with date and venue changes making their life impossible. I hope that, in the success of our deliberations today, we can repay them for their efforts.

Thank you, Mr. Chairman