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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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**Introduction**

Ireland's general views on current issues relevant to the Bretton Woods institutions are reflected in the statement made on behalf of the European Union by the French Presidency and I will not repeat them here today.

I would like to use my time to highlight the respective roles of the Fund and the Bank in the development process and the extent to which we are delivering on the poverty agenda in the developing world.

**Role of the Bretton Woods Institutions**

The role of our institutions remains central to international stability and development. I am encouraged by the extent of debate on this in the last year and on the progress made in defining the respective roles of the Fund and the Bank in the developing countries.

In particular I am encouraged by the attitude expressed by the Fund's Managing Director on concentrating on the Fund's core functions, avoiding micro management of the developing economies and on fully integrating the Fund's input into the development process.

Equally, the Bank has been broadening its approach to development and helping to bring together all the stakeholders in the process.

These approaches come together in the Poverty Reduction Strategy process which we adopted last year and which we are now trying to implement on the ground. The effective involvement of all stakeholders in the formulation of these strategies and their subsequent implementation is a major yardstick by which the overall development effort will be judged.

**Transparency**

Our initial efforts at increasing transparency in the operation of the institutions are now bearing fruit. I expect that over time peer pressure will lead to an even greater freeing up of information. Nevertheless, we need to bear in mind that this is not the same thing as participation, though it greatly facilitates it.

## **Debt and Development**

Clearly the issue of debt relief for the poorest developing countries is still with us. We have all supported an initiative, the aim of which was to enable the poorest debt-burdened countries to get off the debt treadmill and, thereby, devote more of their resources to poverty reduction and growth enhancement. We promised wider, faster and deeper relief, and it against this yardstick that our efforts must be judged.

We have begun to deliver on this promise, but there are a number of serious problems that must be addressed and resolved.

The delays in overall financing and processing of eligible applicants are regrettable. It is vital that the impact of the Initiative is not diluted by these factors.

I support greater speed and flexibility in implementing the present Initiative. The linkage between debt relief and Poverty Reduction Strategy Papers needs particular attention in this regard. The Papers must not become a vehicle for additional conditionalities which stand in the way of early access to debt relief. Moreover, full credit should be given for a track-record of implementing sound policies.

There are deserving cases where natural disasters have thrown development off course, or where conflict has prevented indebted countries availing of the Initiative. These situations require a pro-active approach.

The anomalies that exist have to be faced and dealt with; otherwise the Initiative itself risks being undermined.

More generally, we cannot have a situation where countries that are committed to good governance and tackling poverty reduction are, after full HIPC relief, still spending a significant proportion of their budget on debt servicing, or more on this than on their social programmes. In those cases where debt relief does not reduce the actual amount of debt service paid, from where are to come the additional resources to tackle poverty? Accordingly, the parameters of the Initiative should be kept under review, with a view to appropriate remedial action.

Ireland has willingly contributed to this Initiative and we want to see it work to full effect. Let me say at this stage that I fully support the position of my Canadian colleague, Paul Martin, on the subject of debt relief.

None of the HIPC countries are indebted to Ireland so as a Government we do not have a direct role to play in that respect. But as a signal of our willingness to share part of our improved prosperity with the underdeveloped world, we have recently committed ourselves to achieving the UN development aid target of 0.7% of GNP by 2007. This is a major commitment on our part and I intend to deliver on this.

In conclusion, I would like to refer to the contributions made in yesterday's opening session. I am sure that Chairman Manuel's remarks, notably in relation to the plight of sub-Saharan Africa, made a deep impression on all present. We should all be encouraged by the addresses of Managing Director Kohler and President Wolfensohn. These provide evidence of a positive approach by both the Bank and the Fund to ensuring that the most needy countries get the assistance that they urgently require. I can assure the institutions of Ireland's full support for these efforts.