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Statement by the Hon. **JOHN HURLEY**,  
Alternate Governor of the Fund for **IRELAND**,  
at the Joint Annual Discussion



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When these institutions were founded sixty years ago, most of Europe was in ruins. Industry and infrastructure were shattered after a long and intense conflict.

Many were cold, or were hungry, and they feared for the future.

The newsreels of that bleak time seem to show a wholly different world from the Europe of today, yet it is only a generation ago.

It seems hard to credit this now, as we look out at the success story of economic and political reconstruction that is the Europe of today.

Twenty five states, including some that were once bitter enemies, are now united in the European Union, since May of this year.

It was a particular pleasure for Ireland to hold the EU presidency on that day that we became a Union of twenty-five. Experience has shown that the added impetus of the accession of the new states will help give a new momentum to the economy of Europe, which will be to the benefit of all.

In contrast to that divided and damaged continent, we now see a Europe of wealth, a Europe of strong democratic values and with active social and aid

programmes aimed at countering the problem of poverty. While not paradise and with many problems remaining, we see a Europe that has moved very far on from being a recipient of aid under the terms of the Marshall Plan, that generous and farseeing gesture by the United States to aid post war recovery and reconstruction. Europe is itself now the largest donor of overseas aid in the world and it has a strong commitment to the expansion of overseas development aid that was agreed as necessary by all at Monterrey.

It is generally accepted that a doubling of official development assistance (ODA) flows from their 2001 levels is the minimum required to achieve the Millennium Development Goals (MDGs) by 2015. It is also recognised that meeting these goals will merely deal with some of the symptoms of underdevelopment in poorer states. Additional financing will be required to allow for debt sustainability and create the stable conditions needed for growth. It is good to see that the issue of debt sustainability, which we constantly raise in this and other fora, is continuing to get attention.

In Europe we have passed from aid recipient to aid donor. An EU aid target of 0.39% of GNI in 2006 was agreed at Barcelona. Ireland's own strong ODA commitment already exceeds that level and, on current trends, the 25 EU Member States could collectively easily exceed the agreed 0.39%, giving a very significant pool of new aid money to bear on the problems we need to address.

It is not yet enough finance to meet the Millennium Development Goals but it is a lot more than was on offer before. European countries have more to do in relation to development aid, as do some of the larger industrialised nations. We must continually review our performance in assisting less developed countries, in the light of the enormous challenges facing many countries and peoples.

It is indispensable that, in the future discussions on the IDA 14<sup>th</sup> replenishment, account is taken of the overall needs of the poorest countries, as we agreed to do in setting the MDGs. Neither can we agree to accelerate the outflows from IDA, as some would have us do, without asking all countries to put in their fair share of the IDA replenishment burden.

Water is one of the most basic human requirements for life. We know that almost 4,000 children die each day and many millions are infested with round worms or whip worms because of poor hygiene. A clean water supply, and the associated sanitation, are some of the most basic requirements for any society to be healthy and thrive. The provision of even very basic facilities would have a significant impact on disease resulting from poor hygiene.

Sub-Saharan Africa is far behind the rest of the developing world in access to clean water. A large proportion of the population still relies on unsafe sources of drinking water, such as ponds and rivers. In nearly half the households of rural Africa, women and girls devote a significant part of each day to fetching water. While progress has been made over the past decade,

governments need to redouble their efforts in striving to meet the UN goal of providing 75% of the population with safe drinking water by 2015.

As we mark this annual meeting, in our birthday year, can we take from Europe messages that can be replicated in places where hunger, fear, cold and grinding poverty are worse than those that citizens of Europe faced in 1946?

While Europe has essentially reconstructed itself, with good governance and sound economic policies as the central planks of economic and social reconstruction, we need not be shy to give thanks for the favourable trade conditions and support from others that helped to rebuild our Continent. We did not do it alone or without help. Neither can others.

The governance and economic policy issues they will have to address mainly on their own, but with some support from us. Initiatives to build capacity in developing countries deserve our full support. As Gerrit Zalm said, on behalf of the EU, sound fiscal policies have a central role to play in all major zones and in all countries.

The trade and aid issues are ones we must address.

All countries, including the EU, must now maintain the commitment and flexibility they have shown so far in advancing the Doha Development

Agenda Framework Agreement. An agreement is almost within our grasp and we must not let it slip away.

While we all wish to focus the Bank and the Fund resources at the cutting edge, in the poorest places and on the most necessary tasks, there is a very high level of concentration of IMF credit currently extended to certain borrowers, some of whom are repeat customers, if not necessarily satisfied ones. To mitigate this exposure, it is critical that greater priority should be given to the implementation of already-agreed Fund policies, most notably to the exceptional access framework.

We must also accept that the Bretton Woods institutions have an image problem. Criticism often comes from people who actually have an insufficient understanding of the work of the IMF and World Bank. In that context the move to greater transparency within the BWIs and a further emphasis on media relations is needed. We commend the efforts of the senior management of the Bank and the Fund to engage with civil society in programme countries in particular.