

WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
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Statement by the Hon. **BRIAN COWEN**,
Governor of the Bank and the Fund for **IRELAND**,
at the Joint Annual Discussion

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Opening

A new President brings the opportunity to reinvigorate the policies and activities of the Bank. For Paul Wolfowitz this is his first annual meeting as President of the World Bank. I wish him every success and look forward to working with him in relation to the prime objectives of the Bank.

Tsunami.

It is almost 9 months to the day since we witnessed the almost unimaginable effects of the Tsunami.

Its sheer magnitude spurred the International Community to react in a way and at a speed which was exceptional by normal standards. This action resulted in significant progress in the early months. We should be encouraged by the benefits which such a speedy response conferred on the people effected and be prepared to learn from this experience.

G8 proposal on multilateral debt relief

The recent announcement by the G8 Finance Ministers that they will finance 100% cancellation of World Bank, African Development Bank and IMF debt owed by a group of the world's poorest countries is a most welcome development. This agreement represents very significant progress towards solving the so far intractable problem of third world debt.

Ireland was one of the first countries to support debt cancellation. Our official policy, adopted in 2002, called for 100% debt cancellation for all HIPCs.

The success of a debt relief or debt cancellation scheme can be measured by how much it increases the money available to the beneficiary Government for poverty reduction and advancing towards the Millennium Development Goals. Additionality is therefore, an essential requirement.

We also, believe that a country's requirement to repay debt must not prevent it from maintaining an adequate level of expenditure on services and investments, without which growth and development are impossible. I am very glad that the G8 countries have come to the same conclusion.

Our objective must be to achieve long term debt sustainability while ensuring adequate resourcing of the Millennium Development Goals. This will require significant increases in grant ODA, particularly by the larger economies. The increasing flow of oil revenue will help some states to extend and expand their overseas development aid budgets. This they should now do.

Ireland is a strong supporter of the IDA over the years. This year Ireland has significantly increased its contribution to the IDA 14 Replenishment. Debt relief will impact on the operations of IDA and we need to protect it.

European proposals for Development finance

The UN Summit in New York earlier in the month focused again on the need for additional finances to achieve the Millennium Development Goals.

In the context of steadily increasing ODA, Ireland considers the most appropriate mechanism is to provide direct grants.

In May this year Ireland together with other EU states agreed a further package which set an intermediate collective target of 0.56% ODA/GNI by 2010 as an interim stage to achieving 0.7% by 2015.

Ireland has gone even further. In the three years 2005 – 2007, we will spend almost €2 billion on ODA, so that by 2007 it will have reached 0.5% of GNI. And it will continue to increase thereafter. At the UN Summit we recommitted Ireland to reaching the UN target of 0.7%. This will be achieved in 2012, some three years earlier than the agreed EU target date of 2015. Given current economic projections, this will mean a tripling of Ireland's ODA above current levels. This commitment is very demanding. But my Government believe that it is achievable.

Trade

While ODA and debt relief will significantly assist poor countries, trade is the key to underpinning growth. All countries, 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.

Governance and economic policies

Recipient countries too, must play their part.

Good governance and sound economic policies are the central planks of economic and social reconstruction that are necessary for less developed countries to emerge from poverty. Therefore, initiatives to build capacity in developing countries deserve our full support.

Conclusion

Good progress has been made but we need to redouble our efforts to provide the significant but necessary finance to address the needs identified in the Millennium Development Goals.