

WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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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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Dear Chair, Governors,

I am pleased to speak on behalf of Ireland. Firstly, I would like to welcome Mr Zoellick as the new President and Mr Strauss Kahn as the incoming Managing Director of the IMF. I wish them both every success in their new roles. I would also like to thank their predecessors, Mr Wolfowitz and Mr de Rato for their contributions and to wish them well in the future.

We welcome the continued focus on the future roles of the Bank and the IMF and the progress made to date. There are challenges ahead that need to be met in tandem with supporting the global economy.

The six strategic themes President Zoellick has highlighted are an important contribution to the work of the Board to ensure the finalisation and implementation of the long term strategy for the Bank.

The IMF faces many challenges to ensure it remains a relevant and useful institution and I will mention some of these.

Surveillance

We welcome the emphasis on strengthening the role of the IMF in multilateral surveillance; it is an appropriate role for the organisation in light of increased regional and global linkages in financial markets and economies. We too welcome the adoption and prompt implementation of the 2007 Decision on Bilateral surveillance over Members' Policies which should enhance the focus and candour of the Fund's bilateral surveillance, in particular, of exchange rates.

The Executive Board decision to prepare a Statement of Priorities and Responsibilities for IMF Surveillance should help improve the focus, prioritisation and coordination of surveillance work across the Fund.

IMF finances

We also welcome the work on developing a new income model for the fund. The Committee of Eminent Persons earlier this year outlined a good basis for further work towards developing an income model that can ensure the IMF can carry out its activities in an efficient, accountable and sustainable manner. We share the views of EU member states that the proposals in the paper should be treated as a comprehensive package.

We also agree with our EU colleagues that new income measures cannot be considered in isolation from what the shareholders countries view as the Fund's mission and the expenditure incurred in carrying it out. As proposals emerge for the continuing role and mission of the Fund, it is essential that an integrated income and expenditure framework should be developed.

Crisis Prevention and Resolution

We welcome the work the Fund has already done on the design of a new liquidity instrument – the reserve augmentation line (RAL) – for market access countries, and look forward to further clarification on its design.

Quota

Ireland welcomes the efforts being made to reach an agreement on quota and voice reform that may be acceptable to the whole IMF membership. We recognise that this is an important but difficult issue to resolve. Along with our EU colleagues, we remain committed to working towards a fair and equitable solution. Given the importance of this reform agenda, I would hope that progress can be as soon as possible.

IDA

IDA is crucial to the attainment of the Millennium Development Goals. However, the trend towards grant financing has called into question the longer-term security of funding for IDA when coupled with some of the contributions being made. Ireland has voiced concern about this in the past. It is imperative that in future IDA replenishments appropriate steps are taken and all donors step up to the mark. While the level of grants may have increased, we must ensure that IDA will be in a position to continue to also provide interest-free loans to the poorest of developing countries.

We welcome the World Bank's commitment to contribute \$3.5 billion from its income to provide grants and credits for the world's poorest countries through the 15th replenishment of the International Development Association.

Conclusion

Finally, I would like to thank you for your attention and to conclude by saying that the Government of Ireland look forward to advancing our shared agenda with our fellow members in the IMF and the Bank. We also look forward to seeing some of you again in Dublin shortly when we host a meeting of the IDA Deputies in Ireland next month.

Thank you.