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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. **MARTIN MANSERGH**,
Governor of the Bank and the Fund for **IRELAND**,
at the Joint Annual Discussion

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I am pleased to be here today to speak on behalf of Ireland.

First of all, I would like to thank sincerely the Turkish Government and the Turkish people for hosting the 2009 Joint Annual Meeting in this historic city.

We meet here today in a global economy, which is in transition from crisis to recovery, and starting to show signs of stabilisation. More than ever now, it is important to nurture this recovery, to have a legitimate, credible and effective IMF and World Bank Group, working strongly in co-operation with their members, to promote global economic growth and stability and reduce global poverty. We must all strive to maintain as much as we can the progress made in recent years towards achieving the Millennium Development Goals.

We welcome the positive role played by the IMF in addressing the challenges posed by this current global economic and financial crisis and the initiatives undertaken to promote recovery.

IMF reforms

Further reforms of the Fund's mandate, quota and governance will be necessary to strengthen the Fund's legitimacy, effectiveness and credibility. We welcome the progress that has been made to date on the reform agenda, and I can assure you that Ireland will contribute constructively in this process as we have done in the past.

Globalisation requires greater global cooperation to address mutual problems. To do so means increasing the resources available to the IMF. This is essential, if the Fund is to address the financial needs of members who have been hit hardest by the financial crisis. We support the Managing Director's ongoing commitment in this regard. Ireland is committed to playing our part in contributing to the EU's share in supplementing the IMF's financing capacity.

Surveillance

IMF surveillance continues to be particularly important in the current economic and financial environment. We fully support measures to strengthen the Fund's bilateral and multilateral surveillance and to increase the traction of surveillance with a view to strengthening the IMF's crisis prevention role. However, this must be matched by effective and evenhanded implementation of the measures in question.

Irish Developments

I would like to briefly say a little on economic developments in Ireland.

As you know, Ireland strongly endorsed the Lisbon Treaty in a referendum last Friday, which will lead to a stronger EU as well as making a confidence-building contribution to domestic economic recovery.

The Irish economy is in the midst of a very deep recession. The deterioration in the external environment has compounded the correction in the domestic construction sector, with the result that activity has fallen sharply. We expect a peak-to-trough decline in output of around 15%. It is worthwhile mentioning, however, that in Ireland, as elsewhere, a consensus is emerging that the rate of deterioration is beginning to slow.

The sharp fall in activity has had severe implications for the labour market, the public finances, as well as the banking system.

The authorities have responded rapidly and decisively to address these issues. In relation to the banking sector, a number of important steps have been taken, including the establishment of a National Asset Management Agency, the purpose of which is to remove the riskiest portfolio of assets from the banks' balance sheets in order to channel credit to the productive sector of the economy, to support activity and underpin employment.

To stem the deterioration in the public finances, a range of taxation increases as well as expenditure reducing measures amounting to 5% of GDP this year have been taken. For instance, average public sector pay has been reduced by 7% this year, while pay in the private sector has fallen, demonstrating the authorities' commitment to implement difficult decisions and public acceptance, to some degree of the need for adaptation

It is worth highlighting that the measures taken by the authorities have been commended by various international organisations, including the IMF, in its most recent Article IV review and the European Commission.

Development and Aid

Turning to the global arena, the impact of the global financial crisis has been more far-reaching and unpredictable than originally feared. We know it is affecting every family and community across the world, but those in the least developed countries are suffering most. These countries are facing significant difficulties in financing basic services, in addition to their responses to the global financial crisis. The response to the crisis needs a

sharp focus on the poorest countries. We welcome and fully support the recent reform of the IMF's lending facilities and financing framework for low income countries.

We in Ireland have had to take very difficult decisions to keep up our ODA levels as far as we can in the circumstances we find ourselves in. We will still spend at least 0.48% of our GNP on development this year. Our commitment and focus on the poorest and most vulnerable remains strong.

The crisis demands that we focus more clearly on key priorities. In our case, we have designated the fight against global hunger as a cornerstone of Ireland's aid programme. The reality today is that one billion people are suffering from hunger, and the number is rising, – despite the commitment of the first Millennium Development Goal to halve the proportion of people living in poverty and hunger by 2015. The High Level Task Force on the Global Food Security Crisis, of which both the World Bank and the IMF are members, needs to scale up its response, as the financial crisis compounds the impact of the food crisis. It must continue to meet urgent hunger and humanitarian needs by providing food and nutrition assistance and safety nets, while focusing on improving food production and smallholder agriculture.

Ireland welcomes the World Bank's efforts to address effectively the additional challenge that climate change presents for developing countries. We encourage the World Bank to ensure that its Climate Investment Funds continue to support the work of the United Nations Framework Convention on Climate Change and complement the new global agreement on climate change to be agreed in Copenhagen in December.

Finally, debt sustainability has to remain a priority. The aim of the IMF's and WB Debt Sustainability Framework should continue to be to help low income countries meet their developing financing needs without reaccumulating unsustainable levels of debt.

Voice and Participation at the World Bank

Ireland welcomes the second phase of the reform process in the World Bank. We commend the Bank for its continuing commitment to this issue, and for the progress that has been achieved to date. We remain confident that an agreement will be reached, which will result in more equitable and transparent representation in the Bank's governance.

Conclusion

In conclusion, I would like to refer to the contributions made by Managing Director Strauss-Kahn and President Zoellick in this morning's opening session. It is clear we face enormous challenges going forward in restoring global economic and financial stability. We have a global crisis that requires a global response. In recent months, we have seen that we can, as nations, all work together with the Fund and the World Bank in

responding positively to this crisis. I can assure the institutions of Ireland's continuing support for these efforts.

Thank you / Go raibh mile maith agaibh.