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**Statement by the Hon. Dirk Niebel,
Governor of the Bank for Germany**

**Written Statement for the Annual Meeting World Bank/IMF by Dirk Niebel,
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At the UN Development Summit in New York we together defined a leitmotif for the next few years: We want to keep our promises; and, at the same time, **development cooperation** must be **made more effective!**

Ten years on from their adoption, the Millennium Declaration and the **Millennium Development Goals** (MDGs) continue to be the **yardstick** for international development policy.

In view of that, this Annual Meeting must also send a clear message that, **despite increasing global challenges**, we will not allow achievement of the Millennium Development Goals to be jeopardised. On the contrary, we must **further develop our international partnership**, with **modern development policy** playing a **key role**. This must include making the **concrete contribution made by the international financial institutions to supporting the global agenda for poverty reduction** even clearer in the future.

The international community must prove that it is capable not only of instigating measures to address the immediate fallout of any crisis but also of simultaneously taking precautions against future crises. What is important is that we draw on the **lessons of past crises** when **determining the direction** to be taken by the international **financial institutions** in the future.

The long-term impacts of the financial and economic crisis have not yet been mitigated. However, the crisis has shown that countries with **robust spending**

on infrastructure and the social sector are more resistant. The **fiscal space** that countries have to react flexibly to crises with counter-cyclical measures is of key importance. This is where the international financial institutions need to step in so as to give partner countries support that is appropriate for their specific context. We need new approaches with which to **curb and cushion global risks** based on the international networking of markets.

The **supranational global challenges of the past few years** make it clear that freedom, prosperity and security can only be secured through **effective international cooperation**. International development policy is therefore an expression of shared responsibility, thus making it a form of **global structural policy**.

Greater efficiency and effectiveness in development cooperation – that will become increasingly crucial in future.

Especially when budgets are tight, we will all have to be judged by whether we manage to achieve maximum success with the scarce funds available. That means, crucially, a **greater focus on results**: the allocation of funds must increasingly be tied to development results, thus also encouraging even greater ownership on the part of partner governments. Therefore the World Bank must also make **more use of results-based instruments** in the future.

Effectiveness equally means the **long-term planning of resources** for the IBRD and IDA. As a first step in the wake of the crisis it was important, therefore, to ensure that the IBRD will have the resources it needs in the long term, so that it can continue providing the necessary funds and suitable tools for sustainable development. We must make it clear at this Annual Meeting that it is just as important to **ensure a solid financial basis for IDA and the poorest countries**.

A successful **reform process and comprehensive modernisation of the governance structure** of the international financial institutions is a central step in the direction of the vision of a **global knowledge bank of the future** that is more effective, more transparent and more efficient. The **shareholders have the responsibility** to push forward with this process of reform in a courageous but measured way. They must have the courage to also support the Bank in any new avenues it pursues. And they must be able to judge with good measure what results we can expect within just a short period.

However, greater effectiveness also means not only that developing countries and their concerns are taken seriously but that they take **ownership** of their own development. **Good governance, decentralisation, effective national taxation systems and the rule of law** are central to strengthening that **ownership**.