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WORLD BANK GROUP

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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 Fund and the Bank for **IRELAND**,
at the Joint Annual Discussion

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

We meet against a backdrop of extreme global economic and financial uncertainty with continuing downside risks to the global economy. More than ever now, it is important to have a strong IMF and World Bank Group, working in co-operation with their members, to promote global economic growth and stability. We must ensure that progress made in recent years towards achieving the Millennium Development Goals is not reversed.

IMF Reforms

Ireland welcomes the progress made in the past year in refocusing and reforming the Fund. We support the Managing Director's ongoing commitment and efforts to implement the reform agenda set out in the Medium-Term Strategy, which should see the IMF continuing to enhance its role and credibility in the global economy.

Surveillance

IMF Surveillance is particularly important in current economic conditions. The key challenge for the Fund is the effective implementation of all the provisions of the 2007 Decision on bilateral surveillance - including the use of the ad-hoc consultation procedure. We join with others in calling for effective and even handed implementation.

Irish Developments

I would like to turn briefly to developments in Ireland.

Ireland has taken swift and decisive action to safeguard the stability of our financial system and more broadly our economy. Two weeks ago, the Irish Government decided to put in place a guarantee arrangement to safeguard all deposits with and loans to six

named credit institutions. The guarantee arrangement will also be available to certain banking subsidiaries in Ireland that have a significant presence in the domestic economy. This approach has now been approved by the European Commission. Ireland also strongly welcomes the interventions of other European Member States and countries worldwide to ensure stability within the financial system. Actions by individual countries and by other groupings – such as those announced by the Eurogroup Heads of State and Government on Sunday night – are crucially important in ensuring that policy makers can go beyond a reactive approach to the difficult market circumstances. Ireland is continuing to work with other EU member States, the Commission and the European Central Bank in the work to find an overall framework to address the financial crisis.

The Irish economy is currently being subjected to a number of negative shocks. On the domestic front, a major adjustment is underway in the residential construction sector, and this has dragged down economic activity this year.

The more difficult external climate is having an additional detrimental effect. Weak demand in our main export markets, exchange rate appreciation, the fall-out from global financial market turmoil and, notwithstanding some easing in recent months, higher commodity prices are all having an adverse impact.

The latest data confirm that the economy has slipped into recession and for this year we now expect the level of activity to contract.

The contraction in activity has been mainly concentrated in the more higher yielding components of demand, with the result that there has been an accelerated deterioration in the public finances.

To deal with these challenges, the Government brought forward the normal date of our national Budget from December to tomorrow. The Budget will set out steps to stabilise the situation by strictly prioritising expenditure to reflect the changed realities and to

ensure that Ireland's economy is in the best possible position to resume trend growth as international conditions improve.

Development and Aid

On development and aid issues, Ireland's contribution in recent years has increased substantially. This year, we will spend around 900 million euro on overseas aid. Proportionately, this makes Ireland the sixth largest donor per capital in the world, and represents 0.56% of GNP. Ireland's aid programme has always focused on the poorest and most vulnerable. This focus will continue.

Ireland welcomes the outcome of last month's High Level Forum on Aid Effectiveness, in Accra, Ghana. The Forum reached agreement on accelerating and deepening the implementation of the 2005 Paris Declaration on Aid Effectiveness. The Accra outcome is a strong statement on the need to improve the deployment and delivery of development assistance. We join with others in commending the World Bank for their contribution to the Forum, and we are confident that the Bank will fully play its part in implementing the agreed actions.

The constructive work carried out at the Accra Forum to improve the quality of aid is a solid foundation for the Doha Financing for Development Conference in November, when aid volumes and the 2002 Monterrey Consensus will be under scrutiny. Again, the World Bank will play a key role in the Doha discussions, particularly in light of the current global economic conditions.

Debt Relief

Ireland strongly supports debt relief for poor countries with unsustainable burdens. We remain committed to total debt cancellation for the HIPC countries. In this regard, Ireland has recently made an additional contribution of €6m to the HIPC Initiative as an indication of our continued support for the world's poorest countries. However, there is a danger that countries which benefited from HIPC and the MDRI will re-accumulate

unsustainable levels of debt. Beneficiaries must therefore be encouraged not to engage in unwise non-concessional borrowing. Donor countries wish to see debt relief used well in making progress towards the achievement of the Millennium Development Goals. Every effort should be made to ensure that progress made is not reversed.

Voice and Participation

Following the reform of Quota and Voice at the IMF earlier this year, Ireland supports the current reform process in the World Bank, aimed at widening and strengthening the participation of developing and transition countries in the decision-making of the Bank.

We congratulate the Bank for its commitment to this issue, in keeping with the spirit of the Monterrey Consensus and indeed with the Accra Agenda for Action, and we commend the progress that has been achieved this weekend. We welcome this progress as an important first step in the ongoing process of comprehensive reform.

Conclusion

In conclusion, I would like to refer to the contributions made in this morning's opening session. We should all be encouraged by the addresses of Managing Director Strauss-Khan and President Zoellick. These demonstrate a proactive approach by both the Fund and the Bank to developing an effective global response to tackle the effects of the shocks that have hit the world economy, and the discussions of the last three days. I can assure the institutions of Ireland's full support for these efforts.

Thank you.