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. **MARK SOBEL,**
Temporary Alternate Governor of the Bank and the Fund for the **UNITED STATES,**
at the Joint Annual Discussion

Statement by the Hon. Mark Sobel, Temporary Alternate Governor of the Bank and the Fund for the United States, at the Joint Annual Discussion on behalf of the Honorable Timothy F. Geithner, Governor for the United States of the World Bank Group and International Monetary Fund

On behalf of Secretary Geithner and the U.S. delegation, thank you to the people of Istanbul and our host country Turkey. It is fitting that we meet today in this great country - a land at the crossroads of history and civilization.

During the Great Depression, the global economy faced a crossroads, and it chose the path of unilateralism and inwardness. Over the last year, we faced the deepest challenge since then. Standing at another crossroads, the international community chose the path of unprecedented cooperation and multilateralism. We took decisive action to restore growth, boost employment, and repair financial systems. We mobilized nearly $1 trillion in support for emerging markets, helping to slow a serious capital drain.

The United States is doing and will do its part. We supported U.S. and global growth through our stimulus plan, restored confidence in the U.S. financial system through our stability and regulatory reforms as well as our transparent stress tests, and helped stem the loss of confidence facing emerging markets through President Obama's successful call for rapidly mobilizing $500 billion through a renewed New Arrangements to Borrow at the IMF.

We are now witnessing stabilization of the global economy and the beginnings of recovery. But we cannot be complacent. Conditions remain fragile. The international community must implement its critical agenda to sustain the recovery and help create jobs, to strengthen regulatory frameworks, and to begin preparing cooperative exit strategies. We also need to pursue additional trade liberalization, including an ambitious and balanced conclusion to the Doha Development Round.

Together, we recognize that the world cannot return to a pattern of uneven growth, characterized by an excessive reliance on a single engine of consumption-led growth, while others relied heavily on external demand. First and foremost, the responsibility for tackling these problems rests with sovereign governments, including my own.

But as we build a strong, sustained and balanced global economy, we must advance a forward-looking agenda so that the IMF and World Bank can enhance their legitimacy and update their missions to meet future challenges.

For the IMF, this means that rigorous surveillance must help us shed light on trends that could lead to the next unsustainable boom. Under the new G-20 Framework for Strong, Sustainable and Balanced Growth, the IMF must provide forward-looking analysis of whether the world's major countries are implementing economic policies, including exchange rate policies, which are collectively consistent with G-20 objectives. The IMF will need to be a truth-teller.

The World Bank will need to focus more on building resilience to crisis and foundations for prosperity. As the world emerges from crisis, the poorest will require strong and sustained support from the multilateral development banks. With concessional financing deploying more quickly, donors must commit to successful and timely replenishments of IDA and the African Development Fund. When considering the MDB capital requests, we must recognize the importance of maintaining the IBRD's financial soundness. As the centerpiece of the multilateral development system, the World Bank is best positioned to address challenges that require globally coordinated action. In particular, the Bank must more actively prioritize work on three emerging global priorities, agriculture and food security, support in the most fragile environments, and facilitating the transition to a green economy.

For the IMF and World Bank to be effective in these tasks, their broad membership must consider them legitimate and representative. We are delighted that the international community is now committed to achieving a 5% shift in IMF quota share toward dynamic underrepresented countries by January 2011 and the call to shift at least 3% of the Bank's voting power to developing and transition countries and the recommitment to reach an agreement by the 2010 Spring Meetings.

The past six months have plainly demonstrated the benefits of stronger Ministerial engagement in setting strategic policies and priorities at the international financial institutions. To sustain this, we must find a way to enhance the effectiveness and efficiency of both the IMFC and the Development Committee. Furthermore, we need far more efficient and strategic Executive Boards, which better reflect the realities of the global economy.

In closing, the international community has rarely shared such a sense of common purpose and urgency. All of our countries—developing, emerging, or advanced—want to avoid a repeat of the worst economic crisis in decades. So let us press forward on this path of multilateralism to offer greater hope and prosperity for people in every corner of the world.