

U.S. DEPARTMENT OF THE TREASURY

Press Center



Statement by Secretary Tim Geithner at the International Monetary Fund and World Bank Group Development Committee Meeting

10/9/2010

TG-902

President Obama recently released a new U.S. global development policy, which recognizes that development is a strategic, economic, and moral imperative for the United States. The new policy places a premium on broad-based economic growth, democratic governance and sustainable systems for meeting basic human needs. It also reaffirms the U.S. commitment to the multilateral development banks as vital partners in our global development efforts and recognizes the value of partnership with these institutions, the private sector, and civil society organizations.

As many shareholders continue to face competing demands for domestic resources, our ability to effectively convey the strengths and contributions of the World Bank's efforts has never been more critical. The World Bank, and the other development banks, for some time have recognized that broad-based, private sector led growth must underpin sound development strategies. In this context, they have financed projects focused on rooting out corruption, developing property rights, supporting the private sector, increasing agricultural productivity, integrating regional economies, and strengthening infrastructure – all of which are force multipliers for economic growth and development. Additionally, our work in the World Bank and in the regional development banks has a longstanding emphasis on performance driven financing, country-led investment plans, and measuring for results. All of these efforts are consistent with the Obama Administration's new global development policy.

During this period of fragile economic recovery following the financial crisis, we must re-double our efforts to create the conditions for growth as the basis for establishing better opportunities upon which communities and individuals can build their lives. To effectively accomplish this objective, our new global development policy recognizes the need to ensure that every dollar we invest in development has a positive, measurable impact. For each project pursued and funded, we must learn something about how we can be more effective and efficient, and we must maximize results for the poorest.

These principles demonstrate the soundness of the priority that we place on multilateral approaches to development, whether it is through the International Development Association (IDA) or the establishment of targeted multi-donor trust funds, such as the Global Agriculture and Food Security Program (GAFSP) and the Climate Investment Funds (CIFs).

In this 50th year of IDA, the United States continues to view the World Bank as the leading global institution focused on supporting the development needs of the poorest countries, and we rely on the Bank to remain squarely focused on programs and policies to help the most fragile nations grow. Our investments in IDA have and will continue to play a vital role in promoting broad-based growth. We are particularly pleased to support IDA 16's core focus on results and support for regional projects to foster economic linkages. We think IDA has demonstrated its value well, but there is more that can be done to deepen the results agenda and we will continue to press for progress.

We also welcome the World Bank's attention to the impact of the global financial crisis on the low-income countries and how IDA can better respond to crises when they affect the poorest. We see strong potential in new tools, like a permanent crisis window within IDA, if they are tightly crafted to work in concert with the tools employed by other institutions, particularly the IMF.

The GAFSP focuses on enhancing agricultural productivity in developing countries as an engine for growth. It fuses multilateral and multi-institutional support. It delivers the strong resource leverage of multiple donors, and the deep capacity and knowledge of multiple implementing entities. GAFSP is strongly aligned with the principles of country ownership and features an inclusive governance structure, as well as a strong voice for civil society. But unless new donors come forward and pool resources for a common purpose, many of the 21 countries currently seeking support will be turned away.

The CIFs use similarly innovative governance structures. Their focus is on scaled up efforts at low-carbon, climate-resilient development in a targeted group of countries. The Clean Technology Fund, for example, has leveraged \$4.3 billion in pledged contributions from eight

donors to mobilize \$40 billion in planned investments in 13 countries for clean energy, energy efficiency, and sustainable transport. These funds are an important part of achieving the global community's commitment to provide resources approaching \$30 billion to address climate change in developing countries over the period 2010-2012.

We are also pleased that the World Bank continues to make progress in actively implementing its reform agenda, guided by the Post-Crisis Directions framework, which will ensure that the Bank works within its comparative advantage. In particular, we applaud the smooth implementation of the unified financial policy, the revised Access to Information Policy, and the continued commitment to improve institutional efficiencies and selectivity through budget discipline. In addition, we welcome the continued engagement on shared global challenges, such as fragile states, food security, and climate change, for which the Bank is uniquely positioned to use its global presence. However, we see room for improving the communication and usability of results by all stakeholders. Working together, we believe that we can utilize the leverage, capacity, and knowledge of the World Bank and its shareholders to make the 21st century a more prosperous and stable one.

###