

U.S. DEPARTMENT OF THE TREASURY

Press Center

**Statement by Treasury Secretary Tim Geithner to the Development Committee**

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As Prepared for Delivery

We meet at a time of new challenges to economic growth and development. These challenges require governments working together with international financial institutions. In the advanced economies, growth has slowed and financial stresses have intensified in Europe. In middle-income countries undergoing historic transitions, specifically in North Africa, growth has slowed just as expectations for greater opportunity, especially among the region's youth, have soared. In some low-income countries, specifically in the Horn of Africa, famine and drought are pushing millions of people into poverty and hunger, reversing decades of development gains.

The Middle East and North Africa is undergoing one of the most important transitions of our time. We are committed to working with our partners to support transitions in Egypt and Tunisia. The success of these emerging democracies will hinge on building strong and inclusive economies that improve people's lives, especially the lives of young people. International financial institutions will be central to this effort. We appreciate the efforts of the multilateral institutions in supporting near-term financial needs of transition countries and in supporting home grown reforms that improve governance, enhance growth, and expand opportunities for citizens.

Let me welcome to the international community Libya's Transitional National Council, which led the struggle to overthrow the Qaddafi regime and is now leading the effort to establish new political and economic institutions to provide a better future for the Libyan people. As endorsed in the latest U.N. Security Council Resolution, we welcome the role of the International Monetary Fund (IMF) and the World Bank in helping Libyan authorities to develop transparent and accountable mechanisms for managing the country's public finances.

In Africa, several countries, including Djibouti, Ethiopia, Kenya, and Somalia, face one of the worst famines in decades. At this very time, we commend the response of the World Bank and other multilateral agencies to this acute crisis which threatens over 13.3 million people – 2 million of whom are children under the age of five. To help prevent such catastrophes from continuing to strike the region, we support the decision by members of the International Development Association (IDA) to mobilize nearly \$1.9 billion in resources, including from the new crisis response window to increase safety nets, jump-start crop and livestock production, and improve the region's resilience through investments in drought-resistant agriculture and climate-resilient technologies.

This crisis, coupled with two food price spikes in the past three years, calls for concerted global action to strengthen food security and agriculture. Our investments in agriculture must spur long-term transformations by increasing agricultural productivity and incomes of smallholder farmers. This is one of the best ways to build the resilience of communities that depend on agriculture and are vulnerable to shocks. Furthermore, since most small farmers are women, investments in agriculture are also a strategy for advancing gender equity. We applaud the World Bank's important work promoting gender equality as a critical element of sustainable and inclusive economic growth in agriculture, as well as other sectors.

These principles are at the heart of the Global Agriculture and Food Security Program (GAFSP), which is now in its second year of operation. GAFSP has proven to be a key source of transparent and competitive financing for country-led, evidence-based agricultural development strategies in the world's poorest countries, encouraging countries to take a comprehensive and inclusive approach to agricultural investment and reform. While GAFSP has been able to provide grants to 12 countries that will improve the incomes of nearly 7.5 million people, the fund has been depleted and we have had to turn away more than 20 countries. Even within a difficult budget environment, we are striving to accelerate our contributions, and we call on other international donors to do the same.

The drought in the Horn of Africa demonstrates the severity and intensity of risks associated with changing climate conditions that will only intensify over time. Our developing country partners are designing and implementing innovative programs through the multi-donor Climate Investment Funds (CIFs), and Global Environment Facility (GEF), which will help mitigate the worst effects of climate change and develop local expertise in the process.

From global poverty to historic transitions to climate change, the World Bank and the regional development banks are on the front lines of the globe's most pressing economic and national security challenges. In an environment of tight national budgets in advanced economies, no other institutions can so effectively leverage our limited resources or more strongly reflect our shared priorities of reducing poverty and hunger. They are vital for addressing the challenges of the moment and will be integral for responding to changes that lie beyond the horizon.

We will seek to increase the effectiveness of the World Bank and the regional development banks in this time of heightened need and constrained resources. We will also continue to monitor implementation of each bank's reform agenda and seek improvements in the definition, measurement, and delivery of results to maximize our investments. These reforms will be essential as we work closely with our Congress to meet our capital increase commitments and replenishment of the International Development Association.

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