

# U.S. DEPARTMENT OF THE TREASURY

## Press Center



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

4/21/2012

We are meeting at a time of important transition at the World Bank, and I want to take this opportunity to thank President Zoellick for his strong leadership over the past five years. By any measure, the World Bank is a more effective, transparent, and representative than it was five years ago.

President Zoellick's tenure coincided with the worst financial crisis since this institution was established in 1944, and his management during this period deserves special recognition.

Under his leadership, the World Bank provided a timely and robust response to the global financial crisis, which threatened to reverse decades of progress in the developing world and throw millions into poverty. Since the onset of the crisis in 2008, the World Bank Group has committed nearly \$200 billion to developing countries. This response helped safeguard critical social programs and protect hard won gains in areas like health and education. The Bank's commitments for [social protection](#) for the poorest and most vulnerable – including school feeding and conditional cash transfer programs, such as Mexico's Oportunidades – reached more than \$9 billion in 72 countries during fiscal years 2009-2011. Similarly, the Bank's Global Food Crisis Response Program, established in response to the 2008 food crisis, is now assisting 40 million people.

To ensure the financial soundness of the World Bank in the wake of this robust response, President Zoellick effectively advocated for a new general capital increase, the first since 1988. This additional resource cushion enabled the Bank to sustain lending levels of at least \$15 billion while continuing to support transfers to International Development Association (IDA) and maintain a sound financial footing.

I also want to recognize Lars Thunell for his leadership during this time of volatility and change in capital markets. Under Lars' leadership, the International Finance Corporation (IFC) has roughly doubled its private sector commitments and made inroads in the most difficult markets, as measured by record commitment levels in IDA countries. As private investment becomes an increasingly central and dynamic element of the development agenda, the IFC is well positioned to continue playing a leading role as a result of Lars' work.

The World Bank is an indispensable partner for the United States and we are proud to remain its largest shareholder. Working with our Congress, we were able to reaffirm this partnership resoundingly by moving forward with our contribution to the capital increase and our IDA-16 commitments, which together total \$18.5 billion. This is in addition to another \$40.9 billion in U.S. commitments to the regional Multilateral Development Banks (MDBs) over a comparable period.

Our very strong financial support for the World Bank and other MDBs reflects their capacity to effectively leverage limited resources and provide concrete results on the ground. For example, a 10 percent increase in the total U.S. commitment from IDA-15 to IDA-16 has leveraged funding that will help immunize 200 million children, extend health services to more than 30 million people, give access to improved water sources to 80 million people, help build 50,000 miles of roads, and train and recruit more than two million teachers.

The World Bank and other MDBs also continue to provide unparalleled returns, as reflected in higher levels of growth and enhanced stability in fragile and post-conflict countries.

In countries like Vietnam and Brazil, World Bank programs have helped lay the foundation for sustainable economic growth that has driven rapid increases in trade. In countries such as Mexico, Turkey, and Indonesia, World Bank investments are helping to improve the rule of law, reduce red tape, bolster private sector growth, strengthen legal systems, and combat corruption. Transportation and infrastructure projects are supporting the construction of thousands of miles of roads, expansion of ports, and development of inland waterways, helping to make these countries strong sources of global growth.

In fragile states, the World Bank is providing timely and critically needed assistance to help countries recover from devastating natural disasters and to help countries such as Cote D'Ivoire rebuild from conflict. And since the devastating 2010 earthquake in Haiti, the World Bank has been one of the country's most steadfast supporters, providing exceptional financial support and strengthening Haiti's capacity to protect against, prepare for, and respond to natural disasters. The World Bank also retains a vital role in Afghanistan, where it is assessing how to sustain the development gains of the past decade during and after the security transition while continuing to support basic services, build infrastructure, and implement reforms to strengthen governance and reduce corruption. In Burma we are looking to the World Bank to play a vital role in assessing the country's most pressing economic needs, including advancing economic reforms in

step with political reforms. We are also pleased that South Sudan completed its membership process with the formal signing ceremony earlier this week, and I want to join other World Bank members in welcoming South Sudan to the Bank as its newest member. However, we are very concerned by the violence occurring between Sudan and South Sudan and urge both sides to take steps to de-escalate tensions and re-engage in negotiations.

The World Bank and other international financial institutions (IFIs) are playing key roles both directly and through the Deauville Partnership with Arab Countries in Transition. The Partnership, which was launched last year to respond to the historic changes underway in the Middle East and North Africa, provides a long-term platform for the G-8, regional partners, and IFIs to support Arab Spring countries in achieving sustainable, inclusive growth. Yesterday, Finance Ministers convened to carry forward the work of the Partnership to support growth and financial stability, job creation, and economic governance in the five Partnership countries. The Partnership agreed on a model for a Transition Fund to provide these transition countries with grant-based assistance to strengthen institutions. The Partnership also agreed to explore ways in which members could help enhance access to capital markets for these transition countries. The United States also confirmed its intention to proceed with a loan guarantee for Tunisia, and the World Bank is exploring further credit enhancements.

The World Bank is the most effective tool we have for combating global development challenges, particularly in the areas of food security and the environment.

Our shared recognition of the need to comprehensively and urgently address the challenges of food security culminated in the launch of the Global Agriculture and Food Security Program (GAFSP) in 2010. The United States remains a strong supporter of GAFSP, which has pioneered innovative approaches to development, as reflected in a unique partnership with recipient countries and other international development organizations.

In a short period of time, GAFSP has mobilized pledges and contributions totaling nearly \$1 billion from six governments and the Bill and Melinda Gates Foundation, including \$302 million from the United States. The Program has awarded nearly half a billion dollars in grants to 12 countries, which will help more than seven million farmers in these poor countries.

The World Bank is also a trustee and a major implementer of the Climate Investment Funds, which have helped to catalyze billions of dollars in mitigation and adaptation investments across the developing world. U.S. investments in the Clean Technology Fund and other environmental trust funds are uniquely designed to help reduce the threats caused by changing environmental conditions by combating their causes; help countries develop clean energy infrastructure; and better prepare countries to respond to the impacts of environmental challenges such as deforestation, changing weather patterns, and biodiversity loss.

Gender has become a critical focus of the Bank's cross-cutting agenda. As reflected in the 2012 World Development Report, a growing body of evidence shows conclusively the development benefits of incorporating gender issues, as well as the risks of failing to take into account the central role of women. In this context, I want to commend the IFC for its new global initiative designed to create positive outcomes for business and development by improving working conditions and employment opportunities for women.

Given the scope and complexity of pressing global challenges facing the MDBs today, it is vital that we have a strong, experienced, and capable leader as World Bank President. The selection of the twelfth World Bank president was truly historic. For the first time, the World Bank's Board selected a President from a slate of three candidates under a process that was open and competitive, and according to criteria based on merit. It was a privilege for the United States to have our candidate, Dr. Jim Yong Kim, compete with two other highly accomplished public servants. I want to thank Minister Okonjo-Iweale and Dr. Ocampo for the passion that they brought to their candidacies. The World Bank was well served by the transparent leadership selection process – a process we hope other International Financial Institutions will adopt in the future.

I also want to thank my fellow Governors for their strong endorsement of Dr. Kim and the Bank's Board for selecting him. Dr. Kim is an inspiring and tremendously effective development practitioner, leader, and innovator. I know that his deep personal commitment to the World Bank's core mission will bring a new dynamism to this institution. His commitment to be a bridge for its diverse membership will help all of us work together more effectively in support of our common development goals.

Together, with Dr. Kim's leadership, I am confident that the World Bank will remain a vital and valued development partner to us all.

###