Statement by

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On behalf of Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname, and Trinidad and Tobago
The world economy is passing a turning point. A crisis, initially restricted to the international financial sector, spread to the real world, with serious consequences for economies that until recently had not faced problems like structural unemployment and political turmoil generated by economic insecurity. Although there are signs of improvement, we still have not found the path of sustained growth and much uncertainty remains in the air. Developing economies have not gone unshaken by this economic storm: in the last decades, we have made important strides in achieving some of the Millennium Development Goals. At this time, a deepening of the crisis can generate stagnation and even retrogression to these advances. In the medium term, we agree that one of the challenges relates to the effects of climate change. In both cases we need to coordinate our actions, always based on the concept of common but differentiated responsibilities.

Our multilateral institutions are important for our joint actions and to implement our collective decisions. To make these decisions effective, first we need legitimacy based on a governance structure that reflects the relative role for each of us in the decisions. We still have an open agenda in our voice and representation reform initiated in 2008. I urge everyone to start thinking about the importance of deepening these reforms to consolidate the legitimacy of the institutions in the face of the political and economic changes which have occurred in the world in recent decades. We must also pay attention to the important role these institutions have as instruments of collective action by the international community.

We need institutions that can respond quickly to challenges and mandates that we entrust to them - which implies responsiveness. From a financial point of view, the World Bank Group has made an extraordinary effort to extend its commitments in times of severe contraction of supply of credit to developing countries. However, we are concerned that, if faced with an increased demand caused by a deterioration of international conditions, the Group will have little capacity to respond, for lack of a more robust capital base. We are also worried with the increasing pressures on developing economies to shoulder the burden of weak capital situations.

Responsiveness also means to be able to transform the operations as well as instruments of the Group to make them more flexible and adaptable to the realities and demands of the client countries. In this context, we support the ongoing reforms to modernize the Group, seeking, among other initiatives, greater synergies of the institutions.

We consider particularly appropriate the strategic decision proposed by the new president in emphasizing the Bank’s mandate on the elimination of extreme poverty and support for shared prosperity. As a matter of fact, this has been the model of development that Brazil and other countries in our constituency have
successfully implemented in the past ten years. Several developing nations already have effective public programs focused on eliminating extreme poverty and reducing inequality, and we know that, at the national level, it is technically possible to achieve the two goals being proposed for the international community: to reduce extreme poverty to 3% of the world population by 2030 and to promote rapid growth of income of the poorest 40% in any nation. In order to achieve this, the World Bank Group must be able to support national strategies with flexibility, humility, and respect for diversity of realities of the members. It is also important that the national and regional realities are taken into account when programs between the Bank and the countries are discussed.

We agree that it is appropriate to associate economic policies directed at growth with environmental and social policies that are also sustainable and inclusive. Although we agree with the need to maintain sustainable fiscal paths along the way, we believe that fiscal sustainability should not be placed as a conditionality in World Bank Group's relationship with its members in the development process nor should it be used to set fiscal targets. At the moment, many industrial economies are using countercyclical fiscal policy as an instrument to address their domestic crises, and have increasingly criticized the consequences of economic austerity in times of crisis. Any move towards transforming fiscal sustainability into a conditionality for developing countries seems misplaced and counterproductive.

We strongly support four of the building blocks of the proposed new strategic direction, namely serve the poor and vulnerable in a sustainable manner everywhere; recognize the diversity of clients; work as One World Bank Group; and focus on development solutions. But we are concerned that the concept of "dynamic selectivity". In times of scarce resources, we understand the need to prioritize their use, but we are afraid this could be misused to discriminate access member-countries, especially those middle-income countries that face enormous challenges in the process of reducing poverty and inequality. As a whole, the changes proposed by the new president can represent a great opportunity to change the culture and how the World Bank Group operates: more pragmatic, more open, closer to clients, more agile, and, ultimately, more multilateral. We know that changes, even the most positive ones, can generate resistance of all kinds. We reaffirm our confidence in the continuity of this process.