Statement by

H. E. Paulo Guedes
Minister of Finance

Brazil

On behalf of Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname, and Trinidad and Tobago
Statement by

H.E. Paulo Guedes
Minister of Finance

Brazil

on behalf of Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname and Trinidad and Tobago

101st Meeting of the Development Committee

April 17, 2020
Washington, DC

(VIRTUAL)

The world is living the greatest challenge of our lifetimes. The Covid-19 pandemic threatens human lives, poses huge challenges to health care systems, and has multifaceted economic impacts. Both the health consequences of the virus and socioeconomic spillovers of the necessary - yet extreme - response impose enormous costs to our people. This means we are already taking, and will have to continue to take, many measures unimaginable months ago. This has been true for national governments, companies and families, and increasingly true for international organizations such as the World Bank Group.

We have already seen that the Bank is capable of performing under pressure in these trying times. Numerous projects, which address some of the most acute health-related problems of Covid-19, have just been approved by WBG and other IFIs. Billions in lending, in facilitated conditions, are helping low and middle-income countries. The areas involved are crucial: medical training, public outreach, early detection and tracing. Two countries in our constituency have been contemplated with projects; we expect others to follow.

Individual countries are also stepping up with ambitious approaches. For many in our constituency, fiscal consolidation was one of the top priorities. However, the unprecedent size of the Covid-19 challenge means that, while maintaining fiscal responsibility as our compass, temporary fiscal and monetary stimuli are absolutely necessary to protect families, businesses and institutions. These measures include cash transfers to the most vulnerable, public health investments, unemployment insurance, tax deferral programs, interest cuts, liquidity injections, among many other initiatives, and depending on each country’s constraints.

Fighting the pandemic, however, should not depend exclusively on each individual country’s resources. As a true global public good in an ever-interconnected world, the fight against the Covid-19 must be conducted by all countries, therefore the World Bank Group should keep helping all clients in this endeavor. While we can envisage no partial solution for this unprecedented global crisis, we encourage the membership and management of the WBG to keep exploring bold and innovative actions. We call on the IMF and World Bank to work closely and join forces with other multilateral organizations and we hope to see concerted efforts in introducing the best strategies, especially for low- and middle-income countries to combat this crisis.

Even before the pandemic, many countries were struggling with their debt burden. The expenditures needed to fight the virus have greatly increased such burden to the point that we are now assessing what would be the best approach to deal with their immediate liquidity needs. We welcome this debate and look forward
to a deep examination of the debt scenario in low-income countries. This discussion should be taken in the most appropriate international fora and in coordination with all creditors.

We should not only concentrate on short term responses; we must also pave our way to recovery. It is crucial to enhance resilience and improve our response capacity. This path to recovery includes removing all barriers to growth. Many of the rules and regulations existing today were created with a very different environment in mind, which means a wholly different set of tradeoffs. In this regard, we should not be complacent and use this opportunity to keep reforming our economies to better serve our people in a new global interconnected reality.

As we coordinate a strong response to the current crisis, we should be prepared to adjust course, but we also must resolutely protect the sound concepts of economics and policy which have led us to a time of unprecedented prosperity and socioeconomic development. Promoting sound monetary, fiscal, trade and financial system policies globally and locally is key. Free markets, open trade, efficient customs, good business environment, fair legislation and investment in human capital were all things that promoted shared prosperity and reduced extreme poverty before this profound shock; and it ensures the benefits which result from higher productivity. Our coordinated efforts must aim to preserve and promote such gains in our membership.