Statement by
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Minister of Economy
Brazil

On behalf of Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname, and Trinidad and Tobago
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(VIRTUAL)

The COVID-19 pandemic is still an important challenge our countries face and it is a challenge we must face collectively. It concerns us particularly that Latin America has been the worst hit, from the point of view of both public health and our economies. While a recovery in commodity prices brings some relief for the latter, new and more dangerous variants of the virus are still appearing. Our countries stepped up and provided the relief necessary, but with large fiscal costs. Only a mix of effective national actions, together with intense international collaboration, will overcome this crisis. Essentially, this means accelerating the vaccination process as fast and broadly as possible, while introducing the necessary economic reforms for a robust, inclusive and sustainable recovery.

Global access to vaccines is the most important element for a real recovery from the COVID crisis. Until the whole world is protected from COVID-19 and its variants, any recovery would be fragile, even among countries that are vaccinating rapidly. We need to use all tools available to create the incentives for the greatest diversity of vaccines, the greatest production of existing vaccines and the most efficient distribution to all nations. This collaboration will require action from governments, support from multilateral development institutions and the engagement of markets.

The COVID pandemic effect on social mobility has also increased the importance of digital services. We should manage this new reality as an opportunity to increase the efficiency of production processes, to aggregate value to services, but we also should look at this situation with caution. Some groups have been affected more than others by the new issues arising from a reshuffling of the economy. For example, urban dwellers in middle-income countries were especially hit by the effects of the pandemic.

As the pandemic spread, it also became clear that debt stress would be an important change of developing economies. Even before the health crisis, several countries were experiencing increasing levels of debt-to-GDP which were not sustainable. The G20 countries acted promptly, decidedly and collectively to launch the Debt Service Sustainability Initiative. This DSSI has been important to avert a broader crisis. The G20 countries are in the process of negotiating its next steps and we trust that the G20 will once again offer constructive proposals on what should be the final extension of the mechanism.

Dealing with the immediate challenges, a formidable task in itself, is not enough, however, to ensure the fast, robust and sustainable recover we all expect. In the context of building back better, our recovery programs aim to design a new framework that is sustainable, resilient and inclusive. We are cognizant of the benefits from optimizing the use of our resources, of investing in human capital, and of creating a business environment that is attractive to entrepreneurship. We support a strong IDA, which is capable of collaborating with client countries to address the specific challenges they are facing.
However, the emergence of new challenges does not mean the disappearance of older ones. Climate change continues to be a serious global concern. A focus on sustainable finance operations that offers opportunities for developing and lower income countries is essential. The broader development and technical collaboration to expand the issuance of green, social and sustainable bonds and other financial tools are relevant components to the broader sustainability agenda. In this respect, our countries are open and interested in collaborating with the World Bank Group to support this and other global objectives.

Despite the difficulties imposed by the pandemic, our countries are stepping up with ambitious approaches, while maintaining fiscal responsibility as our compass for the long haul. Brazil, for example, has been implementing a transformational agenda that includes an efficiency-enhancing tax reform, de-earmarking and decentralizing expenditures, privatizations, natural gas market framework, cabotage law, sanitation law, foreign exchange market legal framework aligned with OECD principles, ease of doing business act and further flexibilization of the labor market, among other reforms. At the same time, it also is focused on social infrastructure measures, both traditional like health education, and innovative, like digitalization.

Brazil's Congress passed an amendment to the Constitution for the reform of the social security system, and more recently passed a bill giving autonomy to the Central Bank. Brazil is undertaking structural reforms and sound economic policies on both fiscal and monetary policies that are helping our country to reverse the severe impacts of the pandemic and improving not only our present situation, but moreover our future prospects. Good practices that could be incentivized by the WBG aiming to improve efficiency, transparency and accountability, and ultimately promoting stable markets, economic prosperity, business development and protecting employment.

The way ahead is not easy, as the challenges are significant. But if we work together and with a renewed commitment from all countries and institutions, the results can be promising. With cooperation and trust, we can build a better and more sustainable development for all.