Statement by

Mr. Guido Mantega
Minister of Finance
Brazil

On behalf of Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname and Trinidad and Tobago
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Mr. President

I congratulate Your Excellency, Minister Agustín Carstens, for chairing this Committee’s work and greet the new President of the World Bank, Robert Zoellick, to whom I extend my best wishes.

Strategic Directions for the World Bank

This meeting is an appropriate occasion to discuss the directions of this institution. If it wishes to continue to play a relevant role in international cooperation for development, the World Bank needs to adapt to new realities and find effective ways of dealing with the pressing challenges of developing and transition economies.

We support the strategy for the Bank’s activities as proposed by the new President. We share the objective of ensuring that globalization is more and more inclusive and sustainable.

We agree with the emphasis given to the poorest countries and with the priority given to Africa. The prospects of achieving the Millennium Development Goals in those countries are not encouraging, despite remarkable progress by some of them. Without the determined support of the international community, we will be faced with the deterioration of hunger and poverty in those countries.

Fragile and post-conflict states deserve special attention. The Bank must find ways of making its procedures more flexible in order to meet the needs of these countries, whose institutions are not prepared to follow the procedures that are traditionally adopted in the cooperation with other countries. The Bank’s actions must respect the priorities established by these countries and take into account the mandates of the competent UN bodies.

We welcome the proposal of strengthening the partnership with middle-income countries. This set of countries is home for 70% of the world poor. The bases of this new partnership lie on the establishment of more favorable conditions of access to products offered by the World Bank.

The revision of loan charges paid to the World Bank is a first step in this direction. The pricing increase in the aftermath of the Asian crisis was a mistake that transferred to the middle-income countries the responsibility for improving the financial position of the World Bank. The reduction in financial costs is long overdue. It is a fair and rational measure from the perspective of maintaining the Bank’s relevance to middle-income countries.

We support the efforts to reduce the non-financial costs associated with World Bank projects. A concrete measure in this sense is the recognition of country systems in project implementation. There is still much to do to simplify procedures, to reduce the time spent in project preparation and to speed disbursements. The recent Independent Evaluation Group’s findings on the high performance of emergency response
operations (which by definition require less procedures) comparatively to regular projects are a clear indication that by streamlining procedures better effectiveness and efficiency can be achieved.

We welcome with interest the President’s suggestion to develop innovative and flexible mechanisms for cooperating with middle-income countries which are adjusted to their economic growth and social development needs.

South-south cooperation and regional integration deserve special attention from the Bank. We expect that this institution will make use of its human capital and its financial resources to raise the level of cooperation among developing countries.

Emerging challenges require collective actions from the international community. The President has proposed a framework for the selective action of the Bank in five areas of global impact (preserving the environment, controlling communicable diseases, strengthening the international financial architecture, enhancing developing countries’ participation in the global trading system and creating and sharing knowledge relevant for development), as requested at this Committee’s last meeting. We underscore that the Bank’s efforts in these five areas should not be undertaken to the detriment of the priorities set by countries in their partnership programs with the Bank.

We take note with interest of the proposal of the President related to Arab countries. The initiative should be developed in close harmony with the priorities set by these countries. The countries belonging to this chair have multiethnic composition and favor initiatives that stimulate dialogue and tolerance among peoples and civilizations.

The knowledge accumulated by the Bank deserves to be shared and disseminated. The history of successes and shortcomings of this institution also reflects the path of its member countries in cooperation for development. We support the proposal to democratize in a more systematic manner this knowledge among all.

We fully support the emphasis on stronger collaboration among institutions within the World Bank Group, while building upon their respective competences. Synergy is very important in confronting the challenges of developing and transition economies, which has become the challenge of the World Bank Group as well.

**Scaling-up of resources and the role of IDA**

This Chair represents one IDA-recipient country, four IDA-graduates and one country that have been making substantial contributions to this institution. We are, in one way or another, committed to ensure the strengthening of IDA and we recognize the central role of this institution in the mobilization of resources to the poorest countries.

The fulfillment by the rich countries of their ODA goals is a fundamental aspect of international cooperation for development. Resources from the private sector can complement aid, but do not represent a substitute to it.

The 15th replenishment cycle of IDA, which begins in 2008, will test the capacity of developed countries to honor the commitments jointly agreed in the Monterrey Conference, which were reaffirmed and expanded by the rich countries in recent G-8 summits.
The long-term sustainability of IDA depends on contributions by developed countries. These contributions should materialize without any conditionalities or else the notion of partnership in this institution will be undermined.

We support President Zoellick’s initiative to recommend transfer of World Bank Group resources to IDA. We consider this initiative as a signal of the institution’s overall commitment with the poorest countries.

We are convinced, however, that this measure alone cannot ensure the sustainability of IDA. We cannot shift the burden of replenishing IDA to the World Bank Group or else we will put to risk the financial health of this institution as a whole.

The contributions made by developing countries, like Brazil, represent a positive development in the present environment of development aid stagnation. Nevertheless, these contributions must be considered as additional and do not replace the need for developed countries to meet the internationally established targets.

**Clean energy investment framework and climate change**

We recognize that climate change is an urgent challenge that requires collective action. We seek at the United Nations an improvement in the international climate change regime that is simultaneously effective and equitable.

Developing countries cannot renounce to the objective of promoting sustained economic growth, which is the basis to ensure poverty eradication and to achieve the Millennium Development Goals. The Bank’s commitment to this goal must remain firm and unconditional. Access to energy and support to infrastructure projects are fundamental ingredients of any development strategy.

To impose mandatory targets for reducing emissions on developing countries, such as those included in the Kyoto Protocol, is neither viable nor equitable, because it would highly impact on their economic development, given the still high cost of emission mitigation technologies. We stress that the United Nations are the adequate forum for these negotiations and that the World Bank’s action must reflect this reality.

We recognize that actions to reduce emissions of developing countries are possible and necessary, in the context of a global effort to combat climate change. Yet we believe that these actions must be supported by an adequate international flux of clean technology and investments, as part of a collective action. The World Bank has a relevant role to play in financing projects involving effective transfer of clean technologies to developing countries.

There is a potential to be tapped in the field of clean energies. Hydropower plant projects belong to the scope of clean energy options. We have emphasized the importance of greater participation of renewable energy, particularly of biofuels, in the global energy matrix. We expect the World Bank to play a more active role in disseminating biofuels as a solution to problems related to access to energy, social development and emission reduction. South-south cooperation in this area is a modality that is worth being developed with the Bank’s support.