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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88th Meeting of the Development Committee

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Today we meet while the world economy is still on a fragile path to recovery. Confidence and production indicators of large industrialized economies show that their recent stimulus policies are indeed bearing fruits. We welcome this good news, with only one caveat: lack of appropriate mechanisms to avoid inherent side-effects of such policies to developing nations still persists. It is of particular concern that expansionary policies have not been followed by appropriate mechanisms to avoid volatile capital flows - and these have created distress to developing economies. Also, it is worrisome that the current domestic imperatives for changing policy stances in developed economies still fail to consider the actual and potential effects on developing nations. It is worth remembering the lessons of recent History: our destinies are intertwined; only in a thriving world community can individual nations achieve sustained growth and development.

This belief formed the fundamental pillars underpinning the foundation the Bretton Woods Institutions. In this regard, the World Bank Group (WBG) was created to be a key part in the process of allowing the reconstruction of the basic infrastructure and productive sector, and allowing a fast recovery of industrial nations in a coordinated effort that proved very fruitful indeed. Since then, the world economy has prospered, but many nations - and large segment of even some prosperous ones - have been left behind. We all know that inequality, particularly of opportunities, is not just a matter of justice and a moral imperative, but also a sine qua non condition for the sustained, sustainable, peaceful, and cohesive development of the community of nations.

The lessons from History were the main reason why in our last meeting we supported the new strategic goals set by the new WBG leadership: extreme poverty reduction and shared prosperity. This strategic direction has the potential of making the WBG a more influential and relevant in supporting the international community to eliminate poverty and promote shared prosperity. But this potential can only become reality if we remain focused, if we remain financially strong, and if we continue to move towards a more democratic governance structure.

Now that the proposed strategy is becoming concrete, we see that the focus continues the correct one. For even though we have reasons to celebrate the achievements of Millennium Development Goals (MDGs) in many developing economies, we cannot ignore that a very significant part of the world population still struggle with food security and lack of access to basic public goods and opportunities to overcome their difficulties. Positioning itself to be a key player in accelerating efforts to the achievement of MDGs, and in the shaping and implementation of the post-2015 agenda is certainly what we expect from the WBG.

Appropriate refocusing should also be at the center of our restructuring process. And we welcome the proposed changes in the structure and the functioning of the Group, centered in the provision of financial
and technical supports which are driven by the two overarching goals, underpinned by evidence-based interventions, and in response to client demands. Furthermore, we strongly support the proposed approach to better explore the synergies among the institutions of the WBG with the ultimate goal of creating a true One World Bank Group. We urge that the new budgeting process and budget allocation, the knowledge development and flows, and the human resources policies in the WBG be consistent with these overall goals; and that client-driven country partnership strategies continued to be basis of the Group’s policies and interventions.

Our financial capacity needs to be strengthened if we want to succeed in this new strategic refocusing. A strong IDA-17 replenishment is of utmost importance in supporting our core mission, and we support the proposed turn-around regime that can benefit post-conflict countries. We welcome the initiatives to leverage the financial resources of IBRD and IFC, and we look forward to innovative solutions. We should maintain all options open – including the strengthening of their capital basis.

Finally, achieving our new strategic goals and refocusing the institution towards them require extraordinary efforts towards improving the voice and representation. Without a legitimate governance structure – an essential pillar of a true partnership – there is no hope of achieving the goals that we set for ourselves. And the little progress achieved in our last negotiations indicates the need to start these conversations way ahead of our 2015 deadline.