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Statement by the Hon. **CARLOS COSTA PINA**,
Alternate Governor of the Bank for **PORTUGAL**,
at the Joint Annual Discussion

**Statement by the Hon. Carlos Costa Pina,
Alternate Governor of the Bank for Portugal,
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Chairman, Governors, Ladies and Gentlemen.

It is a great pleasure for me to be here and I would like to start by thanking Bank and Fund Staff for all the effort put in organising this year's Annual Meetings.

Recent economic forecasts point to the gradual recovery of the Portuguese economy, in a context of a more robust growth path in the EU and a favourable outlook for the world economy.

Our ultimate goal is to guarantee that this growth path is sustainable, and that the climate of macroeconomic stability is conducive to more investment – particularly in innovation – and more jobs.

In this context, we continue engaged to implement far-reaching structural reforms, also in the budgetary front – by means of a solid strategy of budgetary consolidation, aiming at both reducing public expenditure and raising the sustainability and the quality of public finances. This strategy has already started to bear its first fruits, as recognised by our European partners last July. In this context, our commitment remains strong in ending the excessive deficit situation by 2008 and in creating conditions to avoid the accumulation of pressures on government expenditure afterwards.

The robust expansion of world economic activity is taking place in a context of an unprecedented process of globalisation, which enhances the potentialities but also the risks of economic integration at global scale.

In this context, the monitoring of macroeconomic imbalances, the surveillance for financial crisis prevention and the support for crisis resolution need be enhanced, just as the fight against the abuses of the international financial system need be strengthened, namely through better targeted and co-ordinated technical assistance programmes at international level. We therefore welcome the **ongoing review being conducted by the Fund** as regards its own role, functions and broad medium term strategy.

Portugal remains fully committed to the global fight on poverty.

The partnership for development between developed and developing countries established during the Monterrey, Johannesburg and Doha summits reconfirmed in New York last year remains the only way to provide urgent, concerted and sustained action in order to make faster progress towards the achievement of the Millennium Development Goals. These are not only objectives but also a way to measure progress. The first of these goals - poverty reduction - has been the World Bank's overarching objective for many years and it is also a top priority of the Portuguese cooperation strategy.

Portugal supports the renewed focus of the World Bank on governance and anti corruption as key development issues. Poor governance and corruption affect disproportionately the poor and a strengthened approach is welcomed to improve accountability, transparency and equal opportunity for all. This approach should go beyond traditional public sector management interventions to promote institutional reforms with a larger impact in the governance structures and practices. In this context, we call for the Bank to stay engaged with all its client countries and approach these issues from the developmental perspective that is part of its mandate.

Throughout these 60 years of existence, the World Bank has been a driving force for development in middle-income countries by providing financing, technical assistance and knowledge products. The Bank needs to remain engaged and competitive with middle-income countries in order to fulfil its mandate, but also to continue to feed its unique amount of knowledge on development issues that can be used in other developing countries like IDA countries.

Portugal strongly supports further synergies within the Bank, which envisages a strengthened cooperation between IBRD/IDA, IFC and MIGA. This is particularly relevant for the establishment of an enabling environment to facilitate the involvement of the private sector, acting as a crucial vehicle for growth. In this regard, let me share with you my Government's recent decision to establish a new financial instrument – *Financial Corporation for Development* (SOFID) – that is mostly aimed at supporting the private sector development, through partnerships between least developed countries and Portuguese investors.

We are aware that developed countries will need to provide stronger support to the least developed through increased market access. Portugal urges the international community to a renewed effort for achieving a successful closing of the Doha Development Round. We also strongly support the World Bank and the IMF efforts to step up the Aid for Trade agenda and, with special importance on today's more difficult environment, we

commend the Bank and the Fund advocacy roles on the urgency of a positive outcome of the negotiations.

Regarding the Multilateral Debt Relief Initiative, Portugal committed itself to reimburse its share of IDA's lost proceedings and we have already sent the Instrument of Commitment that assures that we will, throughout all the period, play our part to maintain the financial integrity of IDA and other multilateral institutions affected. We welcome this initiative and think of it as a renewed opportunity for Africa.

I would like to finish by thanking the Bank's and Fund Staff and Management for their excellent work, the Boards of Directors, Managing Director Rato and President Wolfowitz, for their strategic view and guidance and the Singaporean authorities for their warm and kind hospitality.