

Statement by H.E. Ambassador Piragibe dos Santos Tarrago,  
Deputy Permanent Representative of Brazil,  
On the occasion of the launching of the  
International Human Solidarity Day

Madam Chairperson, Mr. Under-Secretary-General,

At the outset, I wish to thank you for inviting Ambassador Sardenberg to participate in the launching of the International Human Solidarity Day. Due to unforeseen official engagement outside of New York, Ambassador Sardenberg has asked me to deliver this statement. The celebration of this International Day is in itself a major contribution to keep momentum in the international community to intensify cooperation in enhancing the solidarity within and amongst our societies.

2. The Romans introduced the word *solidum* into Latin having in view the concept of the whole. In the Roman mind, the whole was concrete, dense, firm, and that is why *solidum* is also at the root of “solid”. The French, for the first time, coined the expression “solidarity” in the “Encyclopédie” of 1765, meaning “interdependent, complete”, thus acknowledging its Latin root that points to this idea of entirety and firmness. This is the concept we have inherited. This is the concept we are to put into practice.

3. Solidarity has helped reduce poverty in Brazil. Also, solidarity has played a critical role in reducing poverty in Latin America. A wide gap remains to be filled to reduce poverty and inequality at the global level. But some national and regional positive results inspire us to proceed in this path. I would like to point out three examples where solidarity has a concrete meaning. In these examples, solidarity has yielded remarkable results both at the domestic level, be it in public or in private sectors, and at the international level.

4. At the domestic level, the public sector promotes solidarity by means of compensatory policies thereby allocating substantial resources to meet the needs of the poorest. Conditional cash transfer programs not only immediately contribute to alleviate poverty but also prepare for the inter-generational exit of the poverty trap. The programs vary from country to country, but in all of them the public sector plays a critical role in fostering solidarity. In Latin America, these programs have been disseminated.

5. The International Monetary Fund has recently issued a study that shows that Latin American countries have continued to improve and expand targeted social assistance programs. These programs have in common the effort to tackle the sources of poverty by making assistance conditional on the efforts of recipients to build human capital. According to these studies, in Argentina, Brazil, Chile, Colombia, Mexico, and Peru, spending on social programmes averages about one percentage point of GDP. In Mexico, that spending, including the *Oportunidades* program, is projected to remain roughly unchanged as a share of GDP in 2006. In Argentina, the *Jefes y Jefas de Hogar* program is being reoriented from an emergency income support program to a system that combines assistance to households with opportunities for education and training. In Chile, spending on social programmes, such as the *Chile Solidario* that ties family support to educational and job training goals, remains at 1.5 percentage points of GDP. In Peru, the *Juntos* program, which was created in 2005, is projected to expand from the current coverage of about

70,500 households to 200,000 by end-2006. In Uruguay, the two-year social emergency program put in place in 2005 targets a group of over 80,000 families.

6. Brazil is still home to many poor people. Though one of the ten largest economies in the world, Brazil has one-fourth of its population living below the poverty line. To address this problem, the Brazilian conditional cash transfer program, *Bolsa-Familia*, has been set up as one of the priorities of the federal Government. In the short term, the program aims to alleviate poverty, while in the medium term, the goal is to improve health conditions and education. In 2004, 6.7 million families benefited from *Bolsa-Familia*. As of December 2005, some 8.7 million families had received US\$ 3 billion, representing 0.36% of Brazil's GDP. The program is projected to reach 11.2 million families by end-2006.

7. The results are already visible, as poverty has been declining in Latin America. The Economic Commission on Latin America, ECLAC, measures poverty in terms of the capacity to purchase a basket of basic consumptions goods. According to ECLAC, the share of the population in the region living in poverty fell from about 44 in 2003 to 40 percent in 2005. Over the same period, extreme poverty fell from 19 to 17 percent. Within MERCOSUR, poverty reduction has been remarkable. In Argentina, poverty declined from 54 percent in late 2002 to 31 percent in the first half of 2006. In Uruguay, poverty decreased from 32 percent in 2003 to 30 percent in 2005. In Brazil, it fell from 28 percent in 2003 to 23 percent in 2005. Moreover, the income of the poorest 50 percent Brazilians grew twice as fast as that of the top 10 percent.

8. At the domestic level, one can also count on the action by the private sector, especially by means of microfinance operations. These operations are nothing more than the transfer of resources from small savers to small borrowers, all of them people of low income, in order to grow together. Several studies explain the extremely low rate of default in microcredit. The explanations invariably point to solidarity: the borrower is aware that a default would negatively affect not an impersonal, far-away financial institution, but the network of people that have contributed to make his or her loan possible, a network that includes relatives, neighbors, and friends.

9. In Latin America, microfinance has become a true industry over the past three decades. Although total loans in the region reached US\$ 5 billion last year, microfinance institutions are only meeting about 8 percent of the estimated demand for microcredit. One critical aspect of the system is the inclusion in the formal financial system of families that receive remittances. Only 10 percent of people who benefit from money transfers made by relatives living overseas have access to services such as savings accounts. In Haiti, where 76 percent of the population lives on less than \$2 a day, half of GDP accounts for remittances and transfers. In that country, a microfinance company, Sogesol, estimates that there are 700 thousand clients in the microenterprise market. The pioneering experience of *Banco Solidariedad* in Bolivia has paved the way to the creation, in 1992, of the first commercial bank in the region dedicated to microcredit. Nowadays, Banco Sol has 70 thousand customers, 70 percent of which are women, and caters in particular to rural areas in Bolivia.

10. In Brazil, microcredit has showed a nominal increment of 39 percent in one year. The Brazilian government has just approved new accounting rules that will render operations more transparent and more attractive for commercial banks interested in starting microcredit portfolios.

Recent studies indicate that the income of microcredit borrowers in Brazil doubles, on average, over two years. In Banco do Nordeste, Brazil's largest provider of microcredit (60% of operations), default in 2005 represented only 0.83 percent of total amount.

11. Finally, solidarity can also be found at the international level, where it contributes to reduce poverty. An outstanding example is the innovative finance mechanism that made possible the International Drug Purchase Facility (UNITAID).

12. Official development assistance relies on national budgets and thus is subject to political circumstances. But hunger cannot wait. I recall the Declaration of New York of September 20th 2004 which stated that "at the present stage of technological progress and agricultural production worldwide, the persistence of (extreme poverty) is economically irrational, politically unacceptable and morally shameful". Since the launching of the Action Against Hunger and Poverty in January 2004, a commitment to promote innovative financing instruments to complement existing aid flows has been actively pursued by Brazil and other partners. A series of initiatives have been taken to explore new mechanisms in the fight to eradicate this scourge that strikes billions of people in the world. The participation of both developed and developing countries in these initiatives indicates a positive and an innovative partnership and signals tighter solidarity in development co-operation. One of the projects consists of the setting up of a solidarity levy on airlines tickets. So far, 18 countries have joined the initiative.

13. The expression "solidarity levy" is not accidental. Infectious diseases collect their death toll from the most vulnerable groups and countries. In developing countries, at least six million people infected with HIV urgently need treatment based on antiretrovirals. Malaria, a preventable disease, continues to kill a child under the age of five in Africa every thirty seconds. More than 1.7 million deaths are attributable to tuberculosis each year. Spurts of humanitarian assistance are not sufficient to put an end to this somber situation. Yes, increased aid is necessary. But it must be stable in flow and predictable in volume. That is why Brazil has joined forces with other partners to launch the first multilateral initiative based on innovative funding to fight hunger and poverty: the establishment of an international drug purchase facility aimed at contributing to scaling up access to diagnostics kits and treatment against HIV/AIDS, malaria and tuberculosis for the poorest people in developing countries. UNITAID will be funded primarily by innovative financing mechanisms such as a solidarity contribution on air tickets. Its main purpose, namely, to leverage price reductions for diagnostic kits and drugs of certified quality while accelerating the pace at which they are made available, will be attained by means of the joint action of the countries involved and partner agencies - UNICEF, UNAIDS, Global Fund, the Clinton Foundation, the Gates Foundation and WHO, which hosts the facility.

14. To conclude, Madam Chairperson, I would like to stress that the examples I mentioned indicate that solidarity can bear tangible results. Solidarity, particularly in the international relations, has the power to reduce poverty and inequality on a sustainable basis. Entirety and firmness, the whole and the concrete, the *solidum* of the Romans, can become the very basis of relations among nations aiming at global prosperity and common good.

Thank you.