

INTERNATIONAL MONETARY FUND

WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Press Release No. 26

October 13, 2008

Statement by the Hon. **MARGARITO B. TEVES**,
Governor of the Bank for the **PHILIPPINES**,
at the Joint Annual Discussion

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Chairman Stavreski, Chairman Carstens, World Bank President Robert Zoellick, IMF Managing Director Dominique Strauss-Kahn, honorable members of the Board of Governors, distinguished officials of the delegations to this Annual Meeting, ladies and gentlemen.

Fellow Governors, this year's meeting is taking place amidst tumultuous economic events. And our intensified collective and cooperative efforts are necessary to overcome these challenges that threaten to reverse the gains we have achieved in improving the levels of income and social welfare and reducing poverty incidence.

Such stormy horizon imposes a sense of urgency and significance in the gathering of international financial leaders here in Washington. We need a strong and coordinated action to steer and mobilize resources to meaningfully respond to these exceptional challenges. The exchange of views facilitated among distinguished financial managers and experts should enlighten and guide each of us in pursuing effective measures to combat financial and economic contagion.

The IMF is well positioned to forge a multilateral response to arrest the deteriorating atmosphere and restore order and discipline in the global financial system. Likewise, enhancement of the Fund's financing facilities and easier access thereof are necessary to better assist developing economies insulate themselves against the adverse effects of the financial turmoil. We welcome a comprehensive review of the Fund's financial instruments including reforming its Exogenous Shocks Facility to cater more effectively to the needs of its developing members under the current volatile environment. A more proactive surveillance of economic developments in developed economies and deeper analysis of policy and regulatory interventions would be most useful in setting appropriate macroeconomic and financial responses.

The external shocks from the global financial crisis and economic slowdown likewise pose daunting challenges to the World Bank. While efforts to preserve its strong capital position and financial standing should be strongly pursued, the Bank needs to design more innovative and quick-response products to sharpen its developmental role for its developing constituents. The pricing reforms and various innovative products earlier introduced by the Bank are significant steps to address the demand for more cost efficient ways of doing business with this institution. Such initiatives serve as incentive for the Bank's developing members in addressing the growing and more complex financial and economic risks created by the current hostile global conditions.

Although global commodity prices have started to ease, current levels remain historically high. Food supply and price levels, particularly those of rice, continue to be a

priority concern for most developing countries given its immediate impact on the poor. Prospects for a benign oil price environment, including those for other critical commodities, still do not appear firm. This uncertainty in the supply and price of basic commodities imposes a new responsibility for the Bank in view of its mandate to reduce poverty. We therefore fully appreciate the endorsement of the World Bank's Group's "New Deal on Global Food Policy" and the establishment of the new \$1.2 billion rapid financing facility. As a middle income country, we are pleased to have made an indirect contribution to the plight of the low income countries through the use of the IBRD surplus in the setting up of a Trust Fund for the poorest and most vulnerable countries as part of the "Global Food Crisis Response Program". Acknowledging the funding limitation of the Program, strong coordination with other development partners and within the World Bank Group is essential to mobilize greater resources and expand the reach of the Program. We also call on the International Finance Corporation to generate greater and more enthusiasm for private sector engagement in agriculture and infrastructure development to achieve our multiple development priorities for economic expansion and competitiveness.

We likewise reiterate our strong advocacy for the Bank's active collaboration and faster harmonization process with other development parties converging towards the adoption of country systems. The broader adoption of country systems would promote country ownership and streamline processing and implementation of foreign-assisted development projects.

The Bank should demonstrate its leadership in adopting good governance principles. Accelerating the Reform in Voice and Participation in the Bank would be a solid manifestation of this commitment. With an agreement reached on the Quota and Voice Reform, we hope that the Bank can show progress soon, in many aspects of the reforms on Voice and Participation, including their timely implementation. We fully subscribe that the developing countries' need to be given voting strength factoring into the equation such variable as poverty.

Mr. Chairman, the tasks at hand are daunting but not insurmountable. But the episodes of previous crisis point to the important lesson for all of us to work closely together to successfully navigate through this turbulent journey and return to a path of robust growth and significantly reduce poverty.

Thank you.