

BOARDS OF GOVERNORS • 2009 ANNUAL MEETINGS • ISTANBUL, TURKEY

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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INTERNATIONAL MONETARY FUND

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

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Chairman Nguyen Van Giau, 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.

We would like to express our gratitude to the Bank, the Fund and our hosts – the Government of Turkey for their warm and gracious hospitality, and the outstanding arrangements for these meetings.

Global Economic Outlook and the Bank's Response to the Crisis

Fellow Governors, it has been a challenging year for all of us but signs of incipient recovery provide encouragement to work harder since much remains to be done to sustain the recovery. Thanks to concerted efforts and scaled-up assistance from the international community and more importantly, timely and unprecedented policy responses of Governments, prolonged global recession was avoided. As in previous episodes, the crisis leaves behind useful lessons particularly the importance of continued and resolute efforts towards macroeconomic stability and prompt actions to firmly established well-functioning financial markets.

We appreciate that the Bank and the Fund have been instrumental and active in providing new instruments that address the varying requirements of their clients. We note a huge increase in the volume of lending and technical advisory operations of the two institutions to support counter-cyclical measures and support programs of Governments. Moreover, we have seen how the quality and efficiency of the Bank's assistance strongly benefited from the coordination among the international financial institutions and donors.

In the medium term, we expect the demand for financing facilities by the World Bank Group's client countries to remain large and varied. As the global economy faces a fragile path to recovery, it is imperative that the Bank maintain its relevance and enhance its capacity to be able to adequately respond to the evolving needs of developing countries. We strongly urge the donor community to support these additional financing needs and deliver on their earlier commitments to provide assistance needed for the attainment of the Millennium Development Goals.

On the Voice and Participation Reform Program

The new breed of development and structural challenges brought to light by the crisis calls for a stronger and a more effective Bank. With this in mind, it has become more critical than ever, that the Bank move forward in instituting the second phase of its governance reform program, allowing developing and transitioning countries greater voice and participation in the Board. We caution, however, that the shift of voting powers from developed countries to the developing countries should be achieved without sacrificing the gains of the first phase of the Reform Program and putting the burden on developing countries.

Strengthening the Bank's Capital Adequacy

To assist its member countries, the Bank has leveraged its balance sheet to be able to service the crisis-induced incremental demands. The surge in financial assistance and the projected financing requirements of developing countries in the medium term put the Bank's capital adequacy at risk. In this light, we strongly urge the shareholders to take a serious view on improving financial capacity of the Bank through capital increase to avoid sub-optimal lending capacity in the post-crisis period.

Thank you.