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Statement by the Hon. **ROSALIA V. DE LEON**,  
Alternate Governor of the Bank for **THE PHILIPPINES**



**Statement by the Hon. Rosalia V. De Leon, Alternate Governor of the Bank  
for the Philippines, on behalf of the Hon. Cesar V. Purisima, Governor of the Bank  
for the Philippines**

Honorable Chairman of the Board of Governors, Dr. Jim Kim, President of the World Bank Group (WBG), distinguished members of the Board of Governors, officials of delegations of member countries, executive directors and advisers, officer of the management, ladies and gentlemen.

In a little over three years, we have witnessed the dramatic process that is now transforming this great institution into the most sought after global development partner. I wish therefore to open my statement by congratulating the Board of Governors, the Board of Executive Directors, as well as its Chairman and the President of World Bank Group (WBG), Dr. Jim Kim, along with Management for attaining the far reaching achievements of this global institution.

The World Bank Group has refocused our development mission through the adoption of the institution's twin goals – ending extreme poverty by 2030 and sharing prosperity for the bottom 40 percent of the population in a sustainable manner. Guided by these overarching goals, we vigorously embarked on the difficult task of designing the WBG Strategy, and undertaking the internal reform process to successfully execute this Strategy. Commencing this July, the WBG is now into its initial stage of implementing the WBG Strategy and pursuing its corporate goals. Indeed, we have made a huge leap within a relatively short period of time to ensure that the World Bank (Bank), the International Finance Institution (IFC), and the Multilateral Investment Guarantee Agency (MIGA), work in synergy as a One World Bank Group and remain relevant, effective and efficient in providing knowledge and financial services to address the needs of its client countries.

This is the reminder and call I have for the World Bank Group. The twin goals and corporate strategy necessitates the institution to act with a greater client focus, to ensure our clients' greatest needs are addressed as we work to end extreme poverty and share prosperity. Last year, I urged the WBG to push harder in providing the developing countries greater voice and representation. The timely implementation of the 2010 WBG voice and capital reforms and the conclusion of the next shareholder review by October 2015, as previously agreed, are the immediate tasks to attain this.

We have now entered the critical phase of installing the new foundations which this institution will build upon to face the diverse development challenges confronting our developing member countries (DMCs). We anticipate the augmentation of the Bank's financial capacity with the institution of the New Financial Framework, a framework allowing for greater leveraging of capital, expanding fee income, advancing maturity premium threshold and increasing single exposure limits. While the shareholders have

reached agreement to adopt the new framework, it is worthwhile to acknowledge that borrowing member countries will bear much of the cost for enhancing the WBG's financial capacity. It is imperative therefore that the funding resources which are now being augmented from these financial measures are allocated optimally to support priority client demands and the financial sustainability of the institution.

With the replacement of the matrix system of Regional and Network units by the new delivery model of Global Practices (GPs) and Cross Country Solutions Areas (CCSAs), we anticipate the buildup of expectations for swifter and more responsive delivery of financing and knowledge services. Consequently, there is now a compelling urgency for management to put into operation the new delivery model including the provision of more customized and multi-sector solutions to complex development challenges specific to each client country. While the management leadership has to earnestly work to deploy its newly formed GPs and CCSAs, a decisive yet realistic phasing in of the new delivery model should be pursued without sacrificing quality support and operational continuity for the success of ongoing pipeline of projects.

A key strength of the new delivery model is the better matching, availability and mobility of talent, expertise and funding that it should enable to provide to developing countries across the globe. Strategic thinking however has to be applied in managing the WBG's skills resources to ensure that mapping of existing staff, fresh recruitment and locational deployment result to an optimal supply structure to meet the divergent financing, advisory and technical demands of client countries and regions. The headline topic of the forthcoming issue of the World Development Report – Mind and Society – brings to the fore the significance of behavioral influences on actions and decision-making by individuals and society. Knowledge and understanding of domestic conditions, culture and traditions are therefore important qualities which country and central management units must possess to be effective in the design and implementation of WBG development interventions.

I therefore encourage a greater presence of local talent and expertise in our field offices, as well as nationals from borrowing clients in our regional and corporate units, which would likewise lend support to the pursuance of our principles for inclusiveness and diversity. Their meaningful career progression is of course a basic element of these principles.

Constituting the third pillar of the evolving WBG architecture, we look forward to the accelerated roll-out of the Country Partnership Framework (CPF), the new country engagement approach which should enhance the WBG partnership with each client country through better strategic focus and development impact of the WBG country programs. As a core feature of the CPF, developing member countries await with keen interest the introduction of the Systematic Country Diagnostic (SCD), a diagnostic tool intended to seek and analyze the most critical development challenges of each client country. The SCD will greatly assist the client country in focusing development plans and priorities to address the most crucial difficulties to fight poverty and inequality.

While the purpose of the SCD is commendable, the integrity of its results will depend on the quality of data and analytic inputs which will vary from one developing country to another. The building of technical and institutional capacity therefore is essential to realize the potential value of the SCD and concomitantly, the CPF, in guiding and supporting each client country to best attack extreme poverty and share prosperity for the poorer members of society.

At this juncture, allow me to also commend the WBG for a number of recent advances attained on its financial and operational results. Firstly, I gladly cite the strong financial and lending performance achieved by WBG during the previous fiscal year. This performance bolsters the financial health of the WBG and, with the scaling up of the newly approved financial measures, enhances its financing role and adds to reassure the financial sustainability of the WBG entities. I commend the review of the procurement policy and look forward to a more flexible and risk-based framework which would be more aligned to modern procurement modalities, and tailored to different operating environments and project needs. I also take cognizance of the progress made in formulating a Corporate Scorecard and strengthening policies relating to Safeguards. On the latter issue, while consultations on the Environmental and Social (E&S) Framework have moved to the second stage, convergence continues to appear distant. It is my hope that a robust E&S Framework is adopted that is reasonable and adaptable enough for borrowing countries, particularly low income countries, to be able to comply with. Too rigid standards that are hard and costly to meet only penalize the poorer clients, whose reliance on official development financing could be the main artery of their development future.

The reforms the World Bank Group in undertaking to better address the requirements of its client countries are aligned with the Philippines' efforts to institutionalize good governance to ensure inclusive and sustainable growth for our people. As Dr. Kim shared during his trip to the Philippines this July, "Good governance means delivering public services effectively and efficiently." Over the past four years, the Philippines has more than doubled government spending on healthcare, education, social services, and infrastructure, while maintaining a deficit of only 2% of GDP. On the other hand, cost of borrowing has decreased, allowing not only the government, but also private businesses and individuals to undertake long-term investments and productive expenditures.

We accomplished this through our efforts in fighting corruption, plugging leakages in the budget, collection, and expenditure processes, anti-smuggling and tax evasion measures, which allowed the government to enter into a virtuous cycle of expanding fiscal space for productive investments that result in enhancing human capital, providing social services, and expanding employment opportunities for our nation. With assistance from the World Bank Group in key programs, these reforms have strengthened the economy, placing the Philippines as one of the fastest growing economies in East Asia.

More importantly, it has enabled the country to better prepare for the constantly changing global environment. In 2015, the Association of South East Asian Nations (ASEAN) will

kick-off the ASEAN Economic Community that envisages regional integration that will further our goals of sustained economic growth and greater shared prosperity. Good governance has also developed a more competitive Philippine economy which allows us to fully participate in a more integrated ASEAN.

While we recognize the efforts of the World Bank Group to improve the methodology of the Ease of Doing Business Survey, we look forward to the Bank doing more consultations on the details of our proposed revisions. At the same time, we support the implementation of the Global Funds Passport initiative, which we believe will deepen financial markets, foster greater ease of doing business and promote investments across nations.

Another important change greatly affecting many, if not all of us, is the increasing threat of climate change. In November 2013, Typhoon Haiyan, one of the strongest typhoons to enter the Philippines, greatly devastated Central and Eastern Visayas, resulting in 6,300 fatalities, 12.9 million people affected, and US\$ 13 billion in economic damages. I wish to thank the World Bank for continuing to provide its assistance in reconstruction and rehabilitation efforts with loans amounting to more than US\$1 billion. More importantly, the World Bank is assisting the Philippines with technical support to create a Disaster Risk Financing and Insurance Strategy that will include catastrophe risk modeling down to the local level and a sovereign catastrophe risk transfer instrument that will allow the Philippines to build fiscal resilience in the face of climate change and other natural disasters.

Throughout these changes, the World Bank Group has remained a premier and steadfast partner in the Philippines' economic and development agenda, and in behalf of my country, I express our appreciation.

Before I conclude, may I salute you President Kim, and the World Bank Group, for assuming the leadership in combating the Ebola Crisis which now pose as a most serious threat to the welfare and development of the global community. We support you fully in this noble effort.

Thank you.