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Statement by the Hon. **CESAR V. PURISIMA**,
Governor of the Bank for the **PHILIPPINES**

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Challenges and Opportunities

Reflecting on how the global crisis has progressed, the amazing resilience shown by some developing countries did not come as easy as it may seem. It came from years of discipline and faithful commitment to strong macro-economic fundamentals. This resiliency was a result of hard and painful lessons learned from previous financial crises that hounded a number of regions over the last decades.

During the height of the crisis, we observed the crucial role that the multilateral financial institutions played in responding to the varying needs of developing and low income countries. We recognized the assistance provided by the World Bank and other international financial institutions in helping developing countries counter the severe financing constraints brought on by the crisis.

With the general consensus pointing to a sluggish global recovery and continued uncertainties, developing countries, such as the Philippines, will continue to face significant challenges that threaten our efforts towards regaining the lost growth and development momentum and achieving our Millennium Development Goals.

The crisis brings to light many opportunities where the Bank could play a meaningful role in helping guide developing countries overcome economic difficulties. However, playing this role cannot be sustained without ensuring the financial strength of the Bank and enhancing its credibility. In the medium term, we expect the demand for financing and technical assistance from the World Bank Group to remain large and varied. With this in mind, we call for the timely implementation of the Bank's Voice Reform Program and the underlying General and Selective Capital Increase. We also strongly urge the Bank to maintain a strong balance sheet, to stay focused on its development mandate, and to adopt policies that are truly responsive to the unique development needs of its clients. In relation to the development needs of low income countries, we call on the donor community's cooperation for a successful replenishment of the IDA 16.

In the case of the Philippines, we look forward to the support of the Bank as we pursue our development intervention program to enhance social services to our poor and as we embark on an active Public Private Sector engagement aimed at addressing the infrastructure gap in the country. We look forward to the Bank's greater participation in this endeavor through the provision of advisory services and financing arrangements.

Developed countries have benefitted much from globalization. It is therefore imperative that they also assume greater responsibility in the mitigation of the adverse impact of climate change. In recent years, many vulnerable developing countries have particularly been the victims of the devastation caused by climate change. The Philippines, for example, was hit by two super typhoons, a rare natural occurrence, which devastated human communities, wrought extensive damage to urban and rural infrastructure, and caused serious economic disruption.

We call on the Bank to actively pursue initiatives towards the establishment of response mechanisms, including a mandatory catastrophe insurance or financing facility, to address the climate change related disasters. The cost burden for such protection should be equitably shared with due consideration to each country's carbon footprint.

In concluding, as we face the emerging challenges ahead of us, we look forward to the leadership of the Bank as a valuable development partner and its renewed engagement with developing members as we pursue our shared development vision.