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



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Governor of the Bank for the Philippines

Honorable Chairman of the Board of Governors, Mr. Jim Kim, President of the World Bank Group, distinguished members of the Board of Governors, officials of delegations of member countries, executive directors and advisors, officers of the management, ladies and gentlemen.

Let me first thank the host country and the World Bank Group for the exceptional arrangements made to host the 2013 Annual Meetings.

Allow me as well to congratulate you, Mr. President, for your steadfast commitment and the tremendous effort being carried out under your leadership to realize the great mission and overarching goals of this institution.

The convening of this year's Bretton Woods Annual Meetings is a landmark event in the history of the World Bank Group as Governors engage in the conversation on the comprehensive reform process to transform this institution in order to best achieve the ambitious goals of ending extreme poverty by 2030 and promoting shared prosperity in a sustainable manner. Discussions shall include the repositioning of the World Bank Group to create greater synergies in designing and delivering integrated development solutions through the strengthening of linkages and consolidation of operations of its three entities, namely, the World Bank (WB), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Corporation (MIGA).

At the time of this writing, I wish to call particular attention to the most imminent threat facing the global economy today – the danger that the world's largest economy and the printer of the global reserve currency, will go into default. The IMF itself has warned of the dangers of the United States (US) failing to raise its debt ceiling to accommodate necessary borrowing – skyrocketing interest rates, carnage in US equities, and exploding volatility in the foreign exchange markets.

While the growing threat of a US credit default emanates largely from the prolonged political impasse in the US Congress, serious adverse repercussions are already being felt in the international financial markets. Such are the ramifications that come with being the world's most important economy – the actions of the US extend far beyond its own economy in our world of irreversibly increasing connectivity.

The crisis in Washington is a moment that should call to the mission of the World Bank Group as well as to the IMF and to the other institutions established out of Bretton

Woods. We now live in a world where greater consultative leadership is demanded to guide countries in making domestic decisions of global consequence.

***It is in this breath that I strongly call for the review of the institutional foundations of the Bretton Woods institutions to provide greater voice and representation for the majority of its members, the developing countries.***

This is to remold the institutions to better pursue the philosophy that we share one world economy, and that we no longer truly make economic policy on an individual, or even regional, level anymore. We must strengthen these institutions to bring in the voices of the world's emerging economies, to ensure that the majority of the world's population has a say in policies that shape their lives from miles away.

I mention the need for these reforms not in the interest of criticism, but in the interest of bringing us closer together. The World Bank Group was founded on the principle that a world-inclusive approach to solving global poverty would bear the greatest returns. I ask now to revive that spirit in the interest of finally realizing a world that is free of extreme poverty and strongly pursuing inclusive growth and prosperity in a sustainable manner.

***Let me convey the Philippines' firm support for the new corporate strategy which aspires to transform the World Bank Group into a most sought after development partner of developing countries.***

The challenges to accomplish the Bank Group's strategic goals are truly daunting and we acknowledge the need for ambitious yet achievable aspirations to realize them. The unified corporate strategy embodies these ambitions and lays the blueprint for transforming the World Bank Group into the most effective and responsive global development institution. This transition comes at the most opportune time when development demands of client countries have increased and have become more diverse and complex, under a challenging environment.

Working as a unified Group, the sharing and mobilization of talent, expertise, knowledge and financial resources within and across the three Bank Group entities shall give it superior advantage to package and deliver country specific and integrated development solutions. The strengthening of operational linkages and integration of common services of the Bank Group entities shall enhance the institution's capacity to create and deliver these products. The formation of the World Bank Group senior management team led by yourself, Mr. President, and composed of the Managing Directors of the Bank, the Chief Executive Officers of IFC and MIGA, and key senior officers the bank is a major first step in ensuring that the Bank Group entities work as one in providing the best designed and delivered development products. At this juncture, allow me to commend your appointment of Ms. Sri Mulyani Indrawati as Chief Operating Officer and Mr. Bertrand

Badre as Chief Financial Officer of the World Bank. The recent integration of the information technology, human resource management and external corporate communications functions of the World Bank and IFC likewise demonstrates concrete progress in the modernization reform to improve operational efficiencies and complementarity within the World Bank Group.

For the strategy to work, its implementation calls for a new financial and risk framework that should enhance the Bank Group's financial capacity for operational growth, creating synergies, and guaranteeing financial sustainability.

Its success also rests heavily on how its corporate entities develop their respective core competencies and build partnerships among themselves in deploying expertise and skills. The quality and mobility of human capital in the Bank Group entities become crucial. Such would entail setting up a dynamic human development environment that attracts and nurtures professionals with superior managerial talent and technical skills. The ability to efficiently mobilize these resources within the bank group and to client members is equally important. It is essential therefore to put in place reward systems that are designed with proper performance metrics, accountabilities, and incentives to ensure that the institution's human resource energy is directed towards better generation and sharing of knowledge and expertise, and its effective deployment to client countries.

We await the results of the ongoing discussion on two central elements of the strategy: Global Practices and the Country Partnership Framework. The adoption of these new approaches in the way the Bank Group shall offer and deliver services opens a very promising chapter in the Bank Group engagement with client countries. Instituting Global Practices will focus Bank Group engagement in areas of its global expertise and comparative strengths thereby offering the best knowledge, talent and solutions. It will also institute better selectivity in the extension of the Bank Group's services in development sectors and dimensions where it operates best practices.

The implementation of the Country Partnership Framework approach shall likewise advance significantly the quality and impact of bank engagement with client countries. Complemented by the Systematic Country Diagnostic as an analytic tool to identify the most critical constraints to, and opportunities for, poverty reduction, the country partnership framework will determine focus areas and outcomes that the Bank Group and each client have reached agreement to jointly work on. We very much welcome such approach to our engagements moving forward. It would promote more effective partnerships respectful of country priorities while utilizing the best development talent and expertise available, particularly in developing integrated and multi-dimensional solutions.

For the Philippines, as for many middle income economies confronting new and more complex challenges, the relevance and value of the World Bank Group become increasingly distinguished in its ability to provide knowledge-based and innovative financing solutions. We therefore urge the Bank Group to maintain vigor in operationalizing the strategy to enable it to best respond to these emerging development challenges.

***On behalf of the Philippines, I welcome the gesture of support from the World Bank Group towards a more meaningful development partnership to address constraints to growth and provide more gainful job creation.***

The Philippines has gone a long way in surmounting major development challenges and we are steadfast in our commitment to continually improve economic conditions and the welfare of our people, particularly the poor and disadvantaged. In the economic front, the country has finally laid strong foundations needed for sustained macroeconomic stability, healthy fiscal position and a robust external sector. These have strengthened the economy and enabled it to grow at one of the highest levels in East Asia. These have also made the economy resilient to external shocks. Recently, this healthy state of our economy was affirmed with the country being awarded an investment grade credit rating by major rating agencies.

Today, a window of opportunity opens for us to expand employment opportunities and spread the benefits of robust growth to uplift more lives from poverty. Growth is a means to achieve a virtuous cycle to accelerate a comprehensive reform agenda and trigger more investments, broaden access to finance and enhance human capital through better education and health services.

Further, we applaud the World Bank Group for assisting us in our efforts to augment our resilience and adaptability to natural disruptions and the other ill effects of climate change which the Philippines is geographically vulnerable to.

Before I end Mr. President, allow me to congratulate you and staff on this year's publication of the World Development Report on Risks and Opportunities. It is an extensive source of experiences and lessons which will be of great value for the international development community in guiding them address risks and mitigate their negative impact.

In concluding, Mr. Chairman and Mr. President, I wish again to convey our authorities' appreciation for your able management of the Meetings.

Thank you.