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

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Mr. Chair, President Kim, fellow Governors, ladies and gentlemen - allow me to extend our sincere appreciation to the people and Government of Peru for graciously hosting this year's Annual Meetings as we celebrate another milestone for the Bretton Woods institutions.

This year's Annual Meeting is marked with the launch of the Vulnerable 20 or V20, representing some of the Bank and Fund member countries, and home to nearly 700 million people who suffer the most from the direct and indirect effects of climate change. **The Philippines has taken the task of chairing this year's inaugural meeting, having experienced three of the deadliest typhoons during the last four years, and knowing that climate change will unceasingly aggravate this trend.**

Every region of the world will be affected, and without ambitious climate action, those with the highest poverty risk are the ones with the lowest level of preparedness. But, asking low-income countries to allocate their scant resources to combat climate change is inequitable.

Last year, 87 percent of disasters were climate-related, resulting in economic losses close to \$100 billion. With nearly half of the combined population of V20 members living in extreme poverty but also facing escalating annual losses amounting to 2.5% of GDP from climate change, we lead the way by inspiring strengthened collaborative efforts towards a climate secure future. Our fight against poverty starts with fighting climate change.

The V20 is our collective and immediate response to establish a high-level mechanism for cooperative dialogue and to pursue aggressive actions to mitigate global warming.

We lament the inadequacy of available climate finance, but are hopeful that concerted action will mobilize much needed resources, promote improved and innovative approaches, and build stronger defenses to safeguard the integrity of our common home. Recent research indicates that, up until 2030, about \$90 trillion in infrastructure investments and over \$4 trillion in incremental investments for low carbon technologies are required to deliver on the 2 degree Celsius goal.

Towards this end, we have prepared the V20 Action Plan strategically aiming for higher levels of investment in climate resiliency and low emissions development.

First, to study the creation of the V20 Risk Pooling or Carbon Footprints Facility to explore market-based risk transfer mechanisms will safeguard assets and livelihoods from climate-related hazards. A similar initiative is now under preparation with the World Bank for the Philippines to provide financial protection and proactively manage fiscal risks against extreme natural disasters. **The introduction of the use of carbon footprints to cover the costs will facilitate fair burden sharing between the public and private sectors.** This can be made feasible by adopting common, harmonized standards to measure and publicly disclose the carbon footprints of investment portfolios on an annual basis. **Sustainability becomes a critical metric in making informed investment decisions.**

Second, available policy options must be further examined to get incentives right and generate resources necessary to mitigate irreparable damages from climate change.

Third, we have to act now and act together. We urge the donor community to commit additional finance to address incremental costs to help V20 countries transition towards low-carbon development paths. One way is to **fund the risk modeling for V20 to jumpstart a database on their exposures to climate-related hazards and associated economic losses to determine costs of premium payments.**

We will work closely with international financial institutions, counting on the Fund and the World Bank in particular, to realize a climate resilient future. **The Fund can develop a simple, transparent, and credible methodology for carbon footprints accounting and monitoring systems. On the other hand, the Bank can provide credit enhancements and continue catalyzing issuances of green bonds to broaden currency and maturity options. The Bank can also lead by example and initiate tracking of carbon footprints from projects financed by the World Bank Group.**

At this juncture, I would like to commend President Jim Kim for harnessing the synergy of the revitalized One World Bank Group to be more effective and responsive as torrents of challenges sweep the economic landscape, threatening to set in a vicious cycle of low growth and less jobs, thus reversing the gains made on poverty.

However, the relevance of the Bretton Woods institutions is put into question with the emergence of major country creditors and new development banks with different governance structures. Thus it is timely to rethink the Bank's and the Fund's core mandates and to undertake necessary adjustments to adequately assist their member countries. Equally important, we add our voice to the call for a shareholding review and the development of a dynamic formula to achieve meaningful and balanced alignment of member representation in the Bank.

I also urge the Bank to address the shortcomings of the methodology being used by the Doing Business Report, since it fails to provide a proper reflection of the state of doing business for an entire economy, specifically with the very limited information source and poor data collection process. Unintended consequences arise, such as flawed conclusions adversely impacting not only the economy's ranking, but more so, investors' perception of the country as an investment destination.

Inasmuch as the Bank's safeguards may not always be consistent with borrowing countries' policies, we maintain our vigilance against the costs and burdens of excessive and undue implementation, which potentially erode the benefits of availing Bank financing.

Mr. Chair, daunting challenges confront us but these are not insurmountable. Together, I believe we can forge a shared future free from poverty and the devastation caused by climate change.

Thank you.