

**2006 PHILIPPINES DEVELOPMENT FORUM**  
**A Meeting of the Philippines Consultative Group and Other Stakeholders**  
**March 30-31, 2006**  
**Taal Vista Hotel, Tagaytay City, Philippines**

**Opening Statement by the Co-Chairperson**  
**Mr. Joachim von Amsberg**  
**Country Director, Philippines, World Bank**

Mr. Chairman, Honorable Secretary Margarito Teves,  
Honorable Members of the Cabinet, Congress, and the Judiciary, and Officials from the  
National and Local Government  
Honorable Ambassadors and Representatives from the International Development  
Community  
Distinguished Representatives from Civil Society, Business, and Other Representatives from  
the Private Sector  
Ladies and Gentlemen:

*Introduction*

On behalf of the international development partners, I wish to thank the Government for hosting and organizing again this year the Philippines Development Forum, a meeting of the Philippines Consultative Group and other stakeholders. It is an honor for the World Bank to co-chair this meeting, which represents the 27th meeting of the Consultative Group for the Philippines. We are impressed with the consistently superb arrangements that are put in place by the Government for these meetings, and with the gracious hospitality extended by the Philippine Government and the Philippine people. The Development Partners appreciate all of your personal commitment to these meetings and the high-level attendance by Government and many other stakeholders. For the first time in the history of the Philippine Consultative Group Meetings, the two highest officials of the country, the President and the Vice President will be participating in this 27<sup>th</sup> Consultative Group Meeting.

*Meeting Format*

This 2006 Philippines Development Forum represents not just an event, but part of a process that was successfully launched in late 2004 to facilitate a continuous dialogue among the country's stakeholders on the Philippines' development agenda. This meeting continues the format adopted at last year's PDF – the use of working groups, break-out sessions and expanded participation from other groups of stakeholders. Many of the partners have provided positive feedback that this format and the inputs of external stakeholders contributed immensely to the effectiveness of the PDF. In fact, I would highlight that it is truly a privilege for the international development partners to have the opportunity to participate in such high-level substantive policy dialogue.

The continuation of the working group discussions, beyond the PDF event, has facilitated open, substantive, and constructive exchange of ideas among the various stakeholders. Based on the feedback from the working groups, it is noteworthy that the level of discussions has in many cases moved beyond the identification of problems and issues to the implementation of solutions and actions. While we recognize that there is a myriad of issues and actions discussed at the working group level, it is important to focus today and tomorrow's discussions on a few key topics that deserve the attention of the high-level leaders in the country who are gathered here today.

The presence of many external stakeholders here today is a confirmation of the strong commitment of the Government to work with all parties who have a stake in and can contribute to the country's development agenda. I would thus like to congratulate Government for this openness, and to extend a special welcome to the participants from Congress, the private sector, civil society, local governments, academia, and other groups who are here with us today.

#### *Accomplishments since the last PDF*

The common message at last year's PDF was the focus on the narrow window of opportunity and the need to undertake front-loaded fiscal adjustment. Difficult reforms were needed, and were needed *at that time* when economic and political circumstances were favorable.

Today, we recognize that the Government has seized that window of opportunity, and moved forward on implementation of key fiscal reforms, particularly the two stages of the EVAT law.

For the time being, market confidence has been restored, and the country has moved away from the very real risk of a serious crisis to a more comfortable situation in which deficit and debt ratios are declining and reduced borrowing costs create the prospect of reversing, in the medium term, the trend of declining spending for public service delivery.

#### *The Agenda for this PDF*

The challenges ahead to accelerate economic and social progress remain significant, and we will discuss them in the next two days.

- How to sustain and deepen fiscal reforms based on revenue increases rather than further expenditure reduction?
- How to increase the transparency and efficiency of public expenditures and control corruption effectively?
- How to accelerate and broaden the base of growth to ensure it benefits a larger number of Filipinos?
- How to achieve more rapid poverty reduction and attainment of the Millennium Development Goals?

Final

The working groups have thoroughly prepared today's discussions, and I am confident that from these discussions we will see the emergence of concrete and specific actions that are critical for better development outcomes.

This evolving agenda of action should lead to a virtuous circle of fiscal recovery, growth, and poverty reduction, and then increasing public support for reforms. This agenda requires persistently working toward rapid and sustained social and economic progress instead of settling for a muddle-through scenario.

### *Seeking Convergence despite Intense Political debate Politics*

I would be remiss not to acknowledge the intense political activity that we have witnessed during the past months. While we need to be aware of this political process and its impact on the policies and outcomes that we care about, as international development partners, we absolutely have to stay out of such political processes.

The political situation increases the importance of a dialogue among a broad set of stakeholders. Indeed, we hope that this PDF creates the space for sincere discussion of policies and search for solution to some of the pressing problems of the country in a way that can focus on areas of convergence of views between different stakeholders.

Last year demonstrated that a core set of sound macroeconomic policies could be pursued with success even in a contentious political context. In fact, some core policies have been protected from partisan politics.

Going ahead, I would ask today whether there can be convergence of key stakeholders around a small set of core policy actions that are sufficiently important for the country and sufficiently agreeable among stakeholders to put them above the political process. One of the objectives of this meeting could be to identify such core policies and align the support of international partners to such policies.

### *Alignment and Harmonization of International Partner Support*

The Paris Declaration commits the international development partners to harmonize their assistance programs and align them with the development agenda of the countries they support. I hope that this alignment and harmonization will be the second major theme of our discussions in the plenary but even more so in the working group.

We, the international development partners, are Friends of the Philippines. We want to ensure that our programs make the greatest possible contribution toward social and economic progress in the Philippines. In our discussion, let us focus on *how* we can achieve that greatest impact and *how* we can be most useful to the country. The development agenda emerging from the working groups and from this two-day meeting indeed form a frame of reference for the alignment of our support to the country's policy agenda, and we can discuss how to operationalize this idea.

## *Conclusion*

In closing, I encourage all of us to be frank and constructive in our dialogue and shape the two days ahead of us as productive as possible. Let us make the best possible use of the precious opportunity for substantive debate and for agreement on actions .

Mr. Chairman, we look forward to this PDF as a very special opportunity for us to focus on the country's policy agenda and on how we, Government, development partners, and other stakeholders can collectively support and facilitate implementation of key priority actions. Most of us are small players, but together, I believe, we can make a difference for sustainable growth and social progress in the Philippines.

Mabuhay and thank you very much!