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Statement by the Hon. **CARLOS G. DOMINGUEZ**,
Governor of the Bank for **THE PHILIPPINES**

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Governor of the Bank for the Philippines

The fight against the COVID-19 pandemic was a challenge of resource mobilization. It was to our advantage that when the crisis hit, the Philippines was financially ready. President Rodrigo Duterte's tax reforms passed since the start of his term in 2016 had strengthened our fiscal stamina.

Our solid financial position gave us the headroom needed to quickly access emergency loans with concessional rates to fight the pandemic. We thank the World Bank, the Asian Development Bank (ADB), and the Asian Infrastructure Investment Bank (AIIB) for providing us with the appropriate and timely financing support for our COVID-19 response and vaccine procurement efforts.

In 2017, I broached a proposal for the three multilateral banks to collaborate in order to more effectively deliver development assistance and aid to countries in the Asia-Pacific region. This proposal has borne fruit and we saw this synergistic approach succeed in the Philippines' national vaccination program.

The Philippines was able to bring together the World Bank, ADB, and AIIB under a joint financing arrangement for the purchase of vaccine doses that can inoculate a hundred percent of our adult population and teenagers by the end of this year. This collaboration was the first in the Asia-Pacific region and an excellent example of how harmonizing and consolidating development assistance among multilateral institutions can yield beneficial results. I urge the multilateral banks to replicate this successful collaboration in other aspects of delivering assistance to countries in the Asia-Pacific region.

In the Philippines, things are moving in the right direction. COVID-19 infections are going down dramatically. We are now implementing a new targeted quarantine policy and the roll-out of a massive vaccination program is progressing well.

Our running total of vaccine supply has already reached 87.7 million doses as of October 11 and we have successfully administered 50.5 million shots as of October 12. A total of 23.5 million Filipinos are now fully vaccinated.

The only thing holding us back to further accelerate the rollout of our vaccination program is the delivery of vaccine doses by the manufacturers. With reliable deliveries, we expect to achieve substantial population protection before the end of this year. This will allow us to fully reopen our economy and unleash the trapped energies of our enterprises.

We fine-tuned our fiscal and monetary policies to enable our banks and government financial institutions to assist the pandemic-hit sectors, especially the micro, small and medium enterprises (MSMEs). We infused more capital into our government-owned banks to

substantially expand their lending to businesses and offer this at lower interest rates. We enacted the Financial Institutions Strategic Transfer (FIST) Act that would enable our banking system to withstand the pressures of a major economic contraction and maintain its viability.

Even with the ongoing pandemic, we managed to stick to our goal of reforming the tax system to make it simpler, fairer, and more efficient. We passed the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE), which makes possible the largest economic stimulus program for enterprises in the country. This drastically cuts the corporate income tax rates from 30 percent to 20 percent for MSMEs and 25 percent for larger corporations. The law will allow us to implement more flexible incentives and non-fiscal incentives system that is targeted, transparent, time-bound, and performance-based.

As we approach our demographic sweet spot, giving us one of the youngest workforces in the world, we aspire to deliver a rapidly growing and inclusive economy.

We will accelerate the implementation of our Build, Build, Build infrastructure program, which is the cornerstone of our recovery due to its high economic multiplier effect. We will pursue the remaining packages of our tax reform program that include improvements in our property valuation system and in the taxation on passive income as well as financial intermediaries. We will work with Congress to pass three economic liberalization bills to bring dynamism to the domestic economy, spurring more innovation, better products and services, and jobs for our people.

Even as we intend to harness the trapped economic energy to produce rapid growth, the Philippines will continue to demonstrate its firm resolve in maintaining fiscal prudence to face the future with a deep war chest. We must be prepared to fight this long battle by conserving our resources well.

However, much still needs to be done. The effort to revive our economies will be a long one. The World Bank, as the largest and most experienced development institution, must effectively assist the developing economies to bounce back strongly from the pandemic. This crisis is an opportunity for the Bank to demonstrate its continuing commitment to achieving its twin goals of alleviating extreme poverty and building shared prosperity with those who are being left behind.

To better respond to the needs of its member countries, we encourage the World Bank to demonstrate further flexibility in expanding its development financing packages. Developing countries need access to financial resources to boost health care systems and build resiliency against new virus outbreaks. We also need to support the recovery of the sectors that were severely affected by the contagion.

We have to rebuild our economies to adjust to the new challenges brought about by the pandemic. We have to strengthen our infrastructure systems and accelerate the utilization of digital technologies to thrive in the new economy. At the same time, we need to substantially increase investments in green projects to address climate change and ensure a sustainable recovery.

With these great challenges, the World Bank should continue exploring more co-financing arrangements and developing innovative financing mechanisms. Its procurement policies, systems, and processes must adapt to changing conditions. We also expect the Bank to exercise full transparency, fairness, and accountability in all of its dealings.

With many challenges and uncertainties that lie ahead, we want to see the World Bank taking broad, bold action in helping developing countries plan and execute their return to normalcy and build resilience against future shocks.

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