

**PHILIPPINES**

MARGARITO TEVES, Governor

On behalf of the Philippine delegation, we would like to thank the Government of Spain and its people for the warm reception and splendid arrangements for this year's annual meeting. We feel much at home since the Philippines and Spain are bound together by our rich history, culture and tradition.

More than 10 years after the Asian crisis, the region is generally better prepared to weather the slowing US economy and rising prices of oil and food commodities with added resilience from strong macroeconomic fundamentals, prudent fiscal and monetary policies, and competitive financial and corporate sectors. Moreover, strengthened intraregional links can substantially minimize the adverse impact of a sharp global slowdown.

We need to pursue appropriate policy measures to alleviate the burden of surging food prices on low-income groups. In the short term, we can adopt temporary fiscal measures to ensure food on the table for the poor, including well-targeted subsidies. Over the long haul, we need to implement a more comprehensive approach to effectively harness finite resource endowments and embark on technological progress, innovation and sound sectoral policies to sustain productivity and address the long-term challenges of food security.

Open trade and improved trade relations with partner economies will play a critical role in guaranteeing that food distribution systems and markets work optimally to feed the region's population and alleviate poverty. It is imperative that developing member countries (DMCs) cooperate with each other to ease supply conditions to provide immediate relief from hardship imposed by higher commodity prices and to safeguard the gains achieved with economic reform and stability.

We commend the President for his courageous stewardship in opening new paths for the Asian Development Bank (ADB) to step up its assistance and exercise its comparative strengths in pursuit of its vision of "an Asia and the Pacific free of poverty". Our government supports the long-term strategic framework (Strategy 2020). By adopting a more focused approach, ADB can achieve better leverage of its resources to become a more responsive and effective partner in meeting the evolving requirements of its developing member countries. We find merit in being selective and deploying institutional and financial resources among the five core areas identified namely: infrastructure, environment, regional cooperation, financial sector development and education. However, recent gains in poverty reduction are threatened by soaring food, oil and other commodity prices. We urge ADB to continue its strong engagement in the agriculture sector to promote effective policies and support strategic infrastructure development to enhance rural productivity.

Moving forward, we recognize the need to strengthen ADB's financial architecture through a phased implementation of an adequate general capital increase to provide the wide range of services demanded by its DMCs. However, ADB needs to continually demonstrate to shareholders its value and efficiency in contributing to the pursuit of their development aspirations.

We fully support ADB's thrust towards greater ownership by DMCs through the use of country systems. Toward this end, we urge ADB to deepen its engagement in the harmonization effort.

The Philippine economy has recently experienced its strongest growth in decades. Together with other development partners, ADB has been a major catalyst for support, including from our host member country. Continued adherence to prudent macroeconomic management and further deepening policy reforms, including heightened attention to improving governance, have addressed economic vulnerabilities and fortified the economy's resilience to sustain robust economic expansion and overcome adverse external economic pressures.

In closing, let me acknowledge ADB's strategic partnership with DMCs in their persevering struggle to fight poverty and improve the welfare of the poor. In this light, the Philippines conveys its sincere appreciation to ADB for its valuable contribution to its members' daunting development crusade.