

STATEMENT FOR THE RECORD

From

PHILIPS ELECTRONICS NORTH AMERICA

Before the

SUBCOMMITTEE ON INTERNATIONAL MONETARY POLICY AND TRADE

HOUSE COMMITTEE ON FINANCIAL SERVICES

Regarding

THE IMPACT OF THE WORLD BANK AND MULTILATERAL DEVELOPMENT
BANKS ON US JOB CREATION

July 27, 2011

Chairman Miller, Ranking Member McCarthy, and Members of the Subcommittee, Philips Electronics North America applauds the Subcommittee for highlighting the important role of the World Bank and other Multilateral Development Banks (MDBs) in today's hearing and we appreciate the opportunity to submit this statement for the record.

Philips Relationship With Multilateral Development Banks (MDBs)

As a manufacturer who has partnered with the MDBs for over fifteen years, Philips supports the worthy objectives of the MDBs to promote economic development and the eradication of poverty through open and transparent funding programs. Philips Healthcare has provided high quality medical equipment that we manufacture in the US, such as MRI, CT, and ultrasound machines, patient monitors, ventilators, ECG equipment and cardiac defibrillators to developing countries through MDB programs. More recently, Philips Lighting has engaged with the MDBs in support of their efforts to promote energy efficiency policies through the procurement of energy efficient lighting products.

MDB Programs Promote US Jobs Through Exports

Philips has witnessed firsthand the economic development benefits that MDB funded projects confer on recipient countries through our procurement experiences in markets including Albania, Argentina, Azerbaijan, Brazil, Bulgaria, Ethiopia, India, Indonesia, Kenya, Lesotho, Lithuania, Mexico, Nigeria, Peru, Poland, Romania, Russia, Tanzania, Uganda, and Vietnam. This benefit does not inure solely to the developing country, however, as we also have recognized the role MDB projects play in helping to maintain our US employee base of 25,000 and potentially to create new highly skilled US jobs through the promotion of exports.

As US markets have declined or remained stagnant over the last several years, developing countries have led the world with double digit growth rates. MDB procurement programs offer US manufacturers unique opportunities to enter these vibrant developing markets through a transparent and accountable procurement system that limits the commercial risk. Moreover, manufacturers gain from the ability to increase their exports and to establish themselves within these growing consumer markets and develop a strong market position. These opportunities help to expand the overall US industrial export base, supporting President Obama's goal of doubling US exports by 2014.

Strong Procurement Standards Must be Maintained

However, to ensure the participation of US manufacturers in MDB procurement systems, there must be an appropriate level of predictability and accountability in their operations to maintain strong business sector support. We commend the strong procurement practices and standard bidding documents developed over the past several decades which have led to strong procurement, transparency and accountability standards on which private sector bidders depend. These elements are vital to promote multilateral development goals, while maintaining the highest standards of integrity and transparency in global procurement.

Philips proposes the following recommendations to the World Bank and other MDBs to ensure a predictable and accountable procurement system for all bidders:

- Maintain the current International Competitive Bidding (ICB) procurement standards and bidding documents
- Maintain Bank procurement oversight of projects involving complex solutions and projects over the current (2010) procurement thresholds
- Ensure mechanisms for dialogue with civil society (NGOs and private sector)
- Reject efforts to implement sweeping changes in procurement policies that have previously been tried and failed within some of the Multilateral Development Banks (MDBs)
- Ensure that any innovation which involves far reaching changes to the existing procurement standards and processes will be tested through a pilot phase
- Similarly, any proposed procurement changes should continue to provide real time effective recourse to bidders for procurement issues (this is one of the most valuable aspects of the current procurement program)
- Continue to fully fund the World Bank's and other MDB's Integrity units and assure that no program be initiated without that unit's full and legal right to procurement oversight
- Assure that the protection of the MDB's assets and reputation from charges and instances of fraud and corruption take precedence over any proposals which might put them at risk

such as Program for Results (scheduled to begin Fall 2011) which would comingle World Bank funds leaving them untraceable and subject to misuse by a host of entities

Conclusion

Once again, we thank the Subcommittee for the opportunity to submit this statement regarding the important role of the Multilateral Development Banks. Philips has derived significant benefits from our longstanding engagement with the MDBs and we look forward to continuing our active partnership for many more years.