



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

**ONE HUNDRED AND FOURTEENTH MEETING
WASHINGTON, DC – OCTOBER 15, 2026**

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October 15, 2026

Statement by

**The Hon. Dr. Jim Chalmers, MP
Treasurer**

Australia

**On behalf of the constituency comprising Australia, Cambodia,
Kiribati, Korea (Republic of), the Marshall Islands, the Federated States of
Micronesia, Mongolia, Naoero, New Zealand, Palau, Papua New Guinea,
Samoa, Solomon Islands, Tuvalu and Vanuatu**

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114th Meeting of the Development Committee

**October 15, 2026
Bangkok, Thailand**

Global economic context

Earlier this year it was feared that global energy market supply constraints and price volatility would persist throughout 2026. It is now likely those fears will be realized. The direct fuel price impost on small, remote economies is concerning – in some cases equivalent to around 3 per cent of regional GDP on an annualised basis. Material price increases and disruption to the supply of refined petroleum and related products have markedly increased the risk of severe economic consequences for countries least able to bear these impacts. Concerns remain elevated for the burden of increased shipping costs, the consequences of reduced fertilizer supplies and in turn heightened pressures of food insecurity, and dwindling supplies of a range of other base products derived from within the Middle East. Small states and low-income countries are disproportionately exposed to price shocks and fuel shortages – with our Pacific Island constituency especially vulnerable to supply chain disruptions.

These countries will need external help managing the increasing pressures of global disruption – and to avoid impacting development progress, this must include new financing, not just reallocations of existing commitments.

In tandem with the fuel crisis, increasing debt servicing costs are emerging as a new source of financial burden for governments. Global inflation remains high and global monetary policy settings have tightened, with markets expecting interest rate rises in every major advanced economy. In addition, there is strong global demand for capital to fund investment, including in AI. These forces are increasing bond yields globally. In this regard, the IMF and WBG review of the fiscal sustainability framework and timely formulation of a new Debt Sustainability Framework for Low Income Countries will help to understand and manage the challenges ahead for low-income and highly indebted countries. With modernized assessment of vulnerabilities, domestic borrowing, and climate and development financing needs, we will gain early warning of debt issues before they become crises.

We welcome the recently approved Digital and AI Strategy Implementation Plan, which will support developing countries to benefit from ongoing technology changes. Closing the technology divide will require sustained investment in developing countries' digital readiness, including data governance frameworks, regulatory foundations for the responsible adoption of AI, and the institutional capacity of governments to apply and enforce them.

We commend the World Bank Group for the important work it is leading on Private Capital Mobilization (PCM). The Bank is deploying new thinking and new energy to engage the entire global finance ecosystem. Deeper and broader engagement with private capital markets, while improving the data needed to assess

and price risk, will provide the best chance of improving access to additional financing while keeping the costs of development financing as low as possible.

We are reassured that the PCM agenda is focused, while targets are ambitious but progress towards them is on track. But we also need to ensure the agenda delivers for fragile, conflict-affected and small states. It is critical that these countries have high development risk recognized and managed so that they can access a commensurate share of the extra private investment, and the jobs it will generate.

The early success of PCM is noteworthy and the volumes of additional capital it is garnering are appreciably complementing rather than substituting for financing available from the Bank's own balance sheet. We also want PCM to advance climate goals through building energy system and climate resilience, while also creating jobs. The same can be said for broader development impact, which must remain the focus of all the Bank's work, rather than volume-based targets.

Efficient translation of MDB and private investment into growth and jobs can only happen when there is a diversity of contractors and suppliers who are motivated to provide quality outcomes, and prepare local communities for new associated job opportunities. To this end, we acknowledge the work being undertaken by the World Bank and other MDBs to reform procurement processes for better quality and long-term value for money, while engaging to the greatest extent the local communities, whom can contribute through employment and be trained for ongoing maintenance responsibilities. Underpinning PCM are the other two pillars of the jobs framework: foundational infrastructure; and policy and governance. Both remain fundamental to creating more and better jobs and fulfilling the Bank's mission. As the Bank proceeds with reforms of its own independent accountability mechanisms and environmental and social policies, we expect it to lead by example, through strong and transparent accountability and appropriately high standards.

The Bank's work on critical minerals is noted with appreciation. We are keen to ensure that country and potential resource sector size are not key determinants of accessing development and investment capital, which could imply small states are overlooked. We welcome the inclusion of our constituency members Mongolia, PNG and the Solomon Islands among the priority countries to be targeted in the Bank's new minerals agenda. Historically, many communities have been denied benefits of resource extraction while being left to clean up the mess it can leave behind. The new Implementation Plan rightly recognizes that Bank can reduce these risks by ensuring rigorous environmental and social standards are applied, and by finding ways for communities to capture a fairer share of the benefits, including through downstream value addition.

Finally, as development finance flows dwindle, and gains in poverty reduction are reversed, the role of International Development Association (IDA) becomes even more critical. We have been pleased to see the strong start to the IDA21 cycle and, like others, we look forward to working towards a strong IDA22 replenishment next year.