Statement by

H.E. Mohamed Benchaaboun
Minister of Economy and Finance
of the Kingdom of Morocco

On behalf of the Constituency of Afghanistan, Algeria, Ghana, the Islamic Republic of Iran, the Kingdom of Morocco, Pakistan, and Tunisia
Statement by
H.E. Mohamed Benchaaboun
Minister of Economy and Finance
of the Kingdom of Morocco

on behalf of the Constituency of Afghanistan, Algeria, Ghana, the Islamic Republic of Iran, the Kingdom of Morocco, Pakistan, and Tunisia

98th Meeting of the Development Committee

October 13, 2018
Bali, Indonesia

On behalf of my constituency, I would like to thank the World Bank for the four important topics selected for this year, namely “the Human Capital Project, Disruptive Technologies, Financial Technology (Fintech), and Debt Vulnerabilities in Emerging and Low-Income Economies.”

This choice is all the more timely given that the issues associated with the gap in human capital investment, the use of technology to address persistent development challenges, and the multiplicity of debt-related risks are currently at the heart of economic discussions and represent major public policy challenges.

To this end, we welcome the reports prepared by the World Bank experts for our Development Committee, which cover a series of initiatives and the Bank’s role in response to these issues, and we applaud these reports’ quality and relevance.

Human Capital Project:

We agree with World Bank experts that the Human Capital Project initiative will make a significant contribution to reducing poverty, boosting productivity, and strengthening social stability in our countries. It will also facilitate the prioritization and sound management of investments and public expenditure by focusing on nutrition, education, health, and skills development.

We also share the view that the involvement and role of all facets of the Government, the private sector, households, and other non-State actors will have to be strengthened as part of a collective effort and inclusive vision aimed at developing human capital.

In fact, it must be noted that despite the efforts made by several countries through promising human capital development programs, the investment outcomes continue to fall short of people’s rightful expectations, particularly in view of the challenges associated with spending efficiency, governance issues, and the provision of high-quality social services, especially in terms of education and health.

These challenges are further exacerbated by other factors, particularly the intensification of climate change effects, protracted geopolitical conflicts, the forced displacement of populations, and the issue of fragility.
In this respect, we endorse the report’s recommendations on investment in human capital, which focus on the following:

- The development of a new Human Capital Index;
- The launch of a program aimed at strengthening evaluation and research; and
- Support for countries’ efforts to overcome obstacles to human capital development.

We believe that it would be helpful for our countries to have access to high-quality data in order to develop the new human capital index. **Against this backdrop, we urge the Bank to provide technical and financial assistance to member countries** to develop the reliable statistical systems and databases needed to calculate the human capital index accurately and affirm its importance. We must also be careful to avoid methodological issues such as those encountered during the “Doing Business” exercise.

At this juncture, we would like to commend the Bank for its efforts to define the parameters of the Human Capital Project through broad consultation. **We urge the Bank to continue to support our countries with the formulation of appropriate policies and strategies** in order to make tangible, ongoing progress on the issue of human capital.

**Disruptive Technologies:**

We support the notion that technological change offers individuals, businesses, and public authorities boundless opportunities for accelerating achievement of the Sustainable Development Goals (SDGs) and the World Bank’s twin goals of eradicating extreme poverty and boosting shared prosperity, despite the persistence of considerable risks and challenges.

We are also aware of the repercussions of technological advances, particularly on the work environment, methods, and market and on the demand for qualifications. **It is therefore crucial for the Bank to deepen its efforts to facilitate technology transfers in order to increase economic opportunities, strengthen private initiatives, and enhance young people’s employability.** In this context, intensification of South-South cooperation will constitute, in our opinion, an additional method of transferring technological expertise.

We are also convinced of the important role of the private sector in implementing the disruptive technologies agenda. **We urge the Bank to continue efforts to accelerate implementation of the maximizing finance for development approach,** which could pave the way for ongoing involvement of the private sector.

Furthermore, we cannot overstate the need to explore the path of public-private partnerships and the catalyzing role that the World Bank Group can play, through IFC, in this area.

We would like to commend the Bank’s approach to disruptive technologies (**Build-Strengthen-Operate**) as a means of confronting persistent development challenges. As recommended by the experts, implementation of this approach requires (i) the development of digital and physical infrastructure and regulatory frameworks for sustainable economies, supported by technology; (ii) capacity development of institutions, enterprises, and individuals to take advantage of disruptive technologies; and (iii) the use of partnerships on technology, data, and skills.

We also believe that it is necessary to promote inclusion by investing in Internet connectivity and access, especially for marginalized groups.
In this regard, we would like international cooperation and coordination of activities among multilateral institutions and development partners to be strengthened with a view to identifying additional synergies and achieving more results faster.

We laud the efforts undertaken to strengthen global regulatory mechanisms for dealing with the rapid evolution of the technology sector.

**The Bali Fintech Agenda**

We agree with the experts that technological changes, as well as the opportunities and risks arising therefrom have repercussions on the global economic and financial landscape.

To this end, we share the opinion that Fintech should be particularly useful in lowering costs, enhancing efficiency and competition, and providing broader access to financial services for marginalized populations.

Nevertheless, we are aware of the many risks that could arise from financial technology, particularly for consumers and investors, but also with respect to the stability of the financial system. We thus urge the Bank, given its support and guiding role, to provide advice aimed at strengthening countries’ ability to adopt technology and financial solutions, while taking rules and regulations into account.

We thank the World Bank for developing the Bali Fintech Agenda (Fintech), jointly with the IMF, as an overarching policy framework for national and international policies on this subject. Yet, while conceding that there is a need to strengthen this collaboration and extend it to other international institutions, we remain certain that the World Bank should focus on its mission, where it possesses the greatest assets and expertise in development matters.

**Debt Vulnerabilities in Emerging and Low-Income Economies**

We note with concern the rise in public debt levels and debt-related risks in both emerging and low-income economies. We agree with the assessment that highlights the factors contributing to the increase in public debt and emphasizes the risks likely to exacerbate debt vulnerabilities in emerging and low-income economies.

We thus approve of the short- and medium-term policy recommendations. With respect to government action, we are pleased to note the importance accorded to implementing reforms adapted to each country’s unique vulnerability factors.

In this vein, we would like to underscore the need to establish the right balance between meeting countries’ investment needs and debt levels. It is essential that the Bank provide guidance, where its support is deemed necessary, on the optimal level of investment to stimulate growth and help countries achieve growth-promoting fiscal consolidation.

We endorse the main principles of the multidimensional approach adopted by the World Bank and the IMF to help countries find a solution to debt vulnerability factors. To this end, we urge the Bank to help countries develop robust national financial markets to reduce their dependence on foreign currency borrowing, which exposes them to increased debt risks.

We believe that domestic resource mobilization is a critical component of debt reduction. We therefore strongly urge the Bank to increase its support for strengthening this mobilization and combating illicit financial flows in emerging and low-income economies.
In conclusion, on behalf of my constituency, I would like to thank the World Bank Group and the Government of Indonesia for their commitment and the effort invested in organizing these productive days of discussion and broader cooperation.