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)

NINETY-NINTH MEETING
WASHINGTON, D.C. – APRIL 13, 2019

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Statement by

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Deputy Prime Minister and Minister of Economy and Finance
Republic of Korea

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

Global economy is weakening. We have serious concerns about slower capital deepening and weaker productivity growth. Growth is the most crucial factor in reducing poverty. We pay attention to the possible risks caused by slow potential growth in achieving the Twin Goals – eliminating extreme poverty and boosting shared prosperity.

In the challenging environment, we stress the importance of human capital. Human capital is the most important driving force to boost slowed potential growth. Human capital development demands an integrated approach including learning for all, universal health coverage, social protection and closing gender gaps. We urge coordinated efforts between WBG and member countries and encourage member countries to put policy priority on human capital development. In that sense, we are pleased that one of our constituency members, Papua New Guinea, is one of the Early Adopters of the Human Capital Project. We welcome strong support from the Bank to realise the benefits that this project has the possibility to deliver.

Many of our member countries - Cambodia, Mongolia, and a number of our Pacific nations – value the expertise and support provided through IDA. A successful IDA 18 implementation and IDA 19 replenishment will be important for helping them to sustain their development path despite the challenging global environment. Mongolia is also on the cusp of the graduation transition from an IDA Blend country to an IBRD only country. We look for continued Bank support for its policy reforms to encourage market development, to introduce market-based delivery models and mechanisms, and other incentives to grow and strengthen the private sector. We welcome the multipronged approach of the World Bank and IMF to address debt vulnerabilities.

Implementation of Capital Increase Package

The Forward Look and commitments signed up to as part of the capital increase package provide a strong strategic direction for the Bank in delivering on its twin goals, of reducing poverty and increasing shared prosperity, and contributing to the 2030 Sustainable Development Goals.
Having settled on this strategic direction, we are pleased to see the focus quickly turn to implementation, with the update to the Development Committee setting out a number of actions taken already. But we recognize we are still in the early stages of implementation. We look forward to regular future updates demonstrating the progress the Bank is making, clearly identifying where progress is less than expected, and in advising on emerging risks and challenges.

Turning to the Forward Look’s ambition of "Serving All Clients", we encourage the Bank to continue engaging with middle-income and vulnerable countries. In our constituency, two countries are not currently served by the Bank yet need its financial support: Nauru and Palau. Both are too vulnerable to access IBRD support but are not eligible for IDA support. These anomalies must be addressed in order for the Bank to fully deliver on its commitment to serve all clients.

Disruptive Technology

We recognize the opportunities and risks provoked by disruptive technology. In one hand, making use of disruptive technology can be a short-cut in achieving the SDG goal. In the other hand, it can be a hurdle to overcome. WBG needs to find innovative ways to mitigate the risks and amplify the opportunities.

Our constituency gives strong support to the ‘Digital Economy for Africa Moonshot’ and ‘GovTech’ initiatives. We know that the initiatives are pioneer projects to have great potential. We look forward to these initiatives being applied more widely, particularly to the Pacific Region. In this region, many countries still struggle with access and connectivity. Disruptive technology offers an excellent opportunity to mitigate the challenges of the considerable physical distance between countries.

We note that disruptive technology has a very strong connection with the Human Capital Project. Success requires using disruptive technologies to enhance the quality of life, yet to do so requires strengthening human capital to take full advantage of these technologies. Accordingly, we agree with ‘building human capital capability’ being one of the five specific Corporate Priorities, although we would go further and say it is a critical building block to achieving all the priorities, and addressing the challenges and realizing the opportunities from disruptive technology.

Small Island States

Our constituency region contains vast cultural and ethnic diversity, with over 1,000 languages spoken across the Pacific island countries. Within the region, substantial infrastructure gaps remain, and challenges to address infrastructure needs differ across the region due to its unique locations and scattered islands across the whole of the Pacific Ocean. Estimates of the cost of filling the infrastructure gap are 9.1 percent of GDP in the Pacific. Stunting remains very high in some countries, with 50 percent of children in Papua New Guinea stunted. Without human capital investments, countries will be left behind and unable to engage in the knowledge economy of the future, which will be underpinned by strong human capital.

Inequality and fragility remain concerns within the region. Small island economies remain vulnerable to the increasing likelihood and strength of natural disasters such as cyclones and the effects of climate change through sea level rising and changing in weather patterns. Other countries in the region are subject to earthquakes, droughts,
volcanos and tsunamis, which can disrupt economies. We encourage the World Bank Group to continue to work in partnerships in building resilience within these countries, whether through improving the quality of infrastructure, advising on strengthening the quality of expenditure and tax collection, or working to create strong institutions.

We also encourage the World Bank to continue to increase its field presence in the Pacific and improve the effectiveness and timeliness of project delivery.

Analysis of investment choices across the region is constrained by data quality and availability. Some countries, such as the Federated States of Micronesia, Marshall Islands, Nauru, Palau and Samoa are not included in the Human Capital Index as they continue to face challenges with data collection. Infrastructure investment choices are limited by detailed data to inform where the best investments can be made. We urge the WBG to continue supporting better data collection in the region.

Regional approaches can help address some of these challenges. We encourage the Bank to work as One World Bank Group to address regional integration issues. We further urge the Bank to work with existing regional institutions, such as ASEAN, the Pacific Island Forum Secretariat and the regional development banks, where appropriate to avoid duplication. We encourage the Bank to take different approaches to regional infrastructure connectivity within the Pacific. We further encourage the Bank to explore how regional and sub-regional approaches can be made to address health and education system weaknesses, as well to improve data quality and availability.

Finally, our constituency welcomes Mr. David Malpass as the new President of the World Bank Group. We hope that his vision, extensive experience and strong commitment will contribute to achieving our Goals.