Statement by

Hon. Nam-Ki Hong
Deputy Prime Minister and Minister of
Economy and Finance
Korea

On behalf of the constituency comprising Australia, Cambodia, Kiribati, Korea (Republic of), the Marshall Islands, the Federated States of Micronesia, Mongolia, Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Tuvalu and Vanuatu
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102nd Meeting of the Development Committee
October 16, 2020
Washington, DC
(VIRTUAL)

COVID 19 Crisis and WBG response

Global economic outlook is highly uncertain because of impact of the COVID-19 pandemic. Emerging Market and Developing Economies have been more severely affected than advanced economies. Recently, developing countries account for almost 80% of new COVID 19 cases. The number of people living in the extreme poverty is expected to increase sharply. In addition, concerns over productivity loss caused by COVID 19 are growing. Human capital accumulation has been dampened and global value chain has been disrupted.

We welcome World Bank Group’s exceptional response to an unprecedented COVID 19 crisis. We recognize that WBG’s rapid financial support and policy guidance helped many member countries to deal with the pandemic-not just at the onset, but in promoting robust recovery. However, our constituency take note that many commodity-exporting and tourism-dependent developing countries including small island developing states are particularly vulnerable. We urge WBG to provide continuous and tailored support to those countries.

We welcome the recent World Bank’s additional finance approval to assist developing countries with accessing COVID 19 vaccine. We welcome IFC’s Global Health Value Chain Platform. Nevertheless, our constituency countries retain deep concerns about whether sufficient vaccines will be available in a timely manner. We encourage that WBG make efforts to ensure that all member countries are supported in accessing enough vaccines they need. In the meantime, we urge our member countries to guarantee equitable access to vaccine and therapeutics.

IBRD and IFC’s capital increases and the record IDA19 replenishment were significant in enabling the World Bank to provide its speedy and exceptional response to the COVID 19 crisis. We welcome the frontloading of resources into FY20 and FY21 to help with the response, and note that decisions on resourcing in the short-term were informed by analysis of the Bank Group’s ability to continue being able to support member countries in FY22 and beyond as they recover and build resilience.

Yet, given the unprecedented scale and scope of the crisis, the efforts of individual governments, multilateral institutions and the development community are struggling to support the needs of the most
vulnerable. Our collective efforts are needed to best enable us to respond to and recover from the health, economic and societal impacts of COVID19, and build resilience for the future. As a global community we are better placed to tackle a global crisis.

**Debt Service Suspension Initiative**

We commend that, as of end-August, 43 countries benefitted from Debt Service Suspension Initiative and the Initiative supported COVID 19 related spending. The initiative gave them breathing space to cope with imminent pandemic.

Our constituency countries support the extension of the DSSI as a short-term measure to swiftly respond to the current crisis

Looking beyond the short-term, we support a broader structured approach to addressing debt sustainability in highly vulnerable countries and look to the IMF and Bank to help drive this work. Such an approach would complement the DSSI, be responsive to individual country circumstances and provide a framework for potential treatment. It should be underpinned by a structured, tailored approach to debt management that ensures:

- full debt transparency;
- increased coordination and information-sharing between all official bilateral creditors; and
- fair burden-sharing among creditors.

**Review of IDA Voting Rights and 2020 IBRD and IFC Shareholding Review**

We welcome the Interim Progress Report on IDA Voting Rights. We consider good progress has been made on the membership structure building block, with the two-tier structure providing a good foundation upon which to proceed with addressing the other building blocks. We recognize that tools developed to progress through phase 1 of the review, such as the building blocks and assessment criteria, have been useful in helping to identify viable options. As the review progresses, the complexity will increase due to the interrelationships between the various build blocks and so further tools or approaches may need to be developed. In doing so, we consider such tools should be shaped by and help deliver on the Guiding Principles endorsed by Governors.

With regard the 2020 Shareholding review, we continue to support the Lima principles for guiding shareholding changes and note the continued usefulness of the Dynamic Formula for informing any proposals for amending IBRD’s shareholding. We consider developing a settled benchmark for IFC shareholding, as the Dynamic Formula does for IBRD, would be beneficial for future shareholding reviews.