



**2013**  
**ANNUAL MEETINGS**  
World Bank Group  
International Monetary Fund  
Washington, D.C.

Governor's Statement No. 11

October 11, 2013

Statement by the Hon. **KENSLEY IKOSIA**,  
Governor of the Bank for the **FEDERATED STATES OF MICRONESIA**,  
on behalf of the Federated States of Micronesia, Kiribati, the Republic of Marshall Islands,  
the Republic of Palau, Samoa, Solomon Islands, Tuvalu, and Vanuatu



**Statement by the Hon Kensley Ikosia, Governor of the Bank and the Fund for Micronesia  
(Federated States of), on behalf of Micronesia (Federated States of), Kiribati, Marshall Islands  
(Republic of), Palau (Republic of), Samoa, Solomon Islands, Tuvalu and Vanuatu**

Mr Chairman,  
Governors,  
Ladies and gentlemen

I am privileged to address the 2013 Annual Meetings of the International Monetary Fund and the World Bank Group on behalf of the Pacific states comprising Micronesia (Federated States of), Kiribati, Marshall Islands (Republic of), Palau (Republic of), Samoa, Solomon Islands, Tuvalu and Vanuatu.

The Annual Meetings take place amidst signs that the world economy has showed signs of recovery albeit weak. Advanced economies continue to face serious fiscal challenges but are showing signs of recovery whilst emerging markets are slowing. While many LICs are in a better position to deal with adverse shocks, significant vulnerabilities persist in many small and fragile LICs. Recent forecasts indicate growth in most Pacific islands' economies remain slow with rising debt levels largely due to heavy borrowing for domestic stimulus. The frequent occurrence of natural disasters has only exacerbated slow growth and a continuous drain on our narrow resource base.

Mr. Chairman, we welcome the continued work that the Fund and the WBG are putting into addressing the particular challenges that our small islands and vulnerable members face in relation to their remoteness to the global markets and access to funding support. We welcome the recent change made to the definition of the microstates in the IMF PRGT eligibility framework that allowed three members of our small island countries (Tuvalu, Marshall Islands, and Federated States of Micronesia) to qualify under this program. The outcome of the first IMF/Pacific Islands meeting in Samoa last year was encouraging and we welcome the Fund's hosting of the second IMF Pacific Islands meeting in Vanuatu, at the end of November this year that focuses on "Raising Potential Growth in the Pacific Islands".

We welcome and support the WBG's renewed commitment to ending world poverty and the recently endorsed twin goals of ending extreme poverty and promoting shared prosperity. Having said this, the path towards achieving these goals will be full of challenges but we urge the WBG not to lose sight of small member countries like ours and the unique development challenges we face. Global aggregates should not be the only measure of success. The World Bank Group will need to keep adequate focus on small members too by looking at the need for SIDS to strengthen their national statistical systems and at the regional level; establish regional technology platforms and information dissemination networks. In this way can we harness the potential of the WBG's Strategy focusing on knowledge sharing and partnerships.

Climate change and disaster risk management continue to be our top and most urgent priority. This is evidenced in the recently concluded Majuro Declaration, which came out of the Pacific Islands Forum Leaders meeting held in the Republic of the Marshall Islands last month. We have been reminded of the devastating visible effects of climate change on the Pacific nations and on a global scale. Our low lying-atolls are experiencing rapid coastal erosion, higher tides, storm surges and inundation of wells and food gardens with seawater. A cyclone that struck Samoa in December last year resulted in damage and losses equivalent to about 28% of the country's GDP. This clearly demonstrates how vulnerable our small island countries are to natural disasters and the real threat it poses to undo all gains made towards achieving our Millennium Development Goals. We appreciate the technical assistance and innovative financing mechanisms in place to assist small island states adapt, mitigate and respond quickly to disasters such as the Pacific Catastrophe Risk Insurance pilot program, Crisis Response Window, Immediate Response Mechanism and the Rapid Credit Facility. However, we remain confident that the WBG and the Fund with their global knowledge and experience will continue to innovate and provide tailored and cost-effective solutions that will assist small island countries in their collective efforts to combat climate change.

We acknowledge the WBG's ongoing work on oceans in particular the Pacific Regional Oceanscape project (PROP), we believe the benefits of this project for the region will not only capture greater economic benefits from sustainable management of the region's oceanic and coastal fisheries but also capture the global knowledge the WBG has in this area. We as participating countries in the PROP would not want to lose out on building the capacity of our island nations in managing and sustaining our ocean resource. We would like to see as part of the Global Partnership for Oceans initiative a focus on international monitoring of the effects on fishing in the Pacific as a result of recent nuclear plant fallout and other catastrophic events that may have adverse effects on the safety of the industry.

We recognize the importance of having strong private sectors to sustain economic growth. We acknowledge the Bank and IFC's increased presence in the region providing advisory and technical assistance programs as well as investing in private sector led projects which has created jobs in some of our island countries. We have created in partnership with our development partners, conducive and enabling business environment in the hope of growing our private sectors but continue to be disappointed with the results. We welcome the WBG's guidance on the development of public private partnership policies/frameworks and how these can work in challenging small countries. We call for more WBG investment in transformational private sector initiatives – in the context of our small islands, even small scale investment programs if implemented well have the potential of lifting poor people out of extreme poverty in many of our island countries. Where there is no private sector we look towards the WBG to consider the development of the informal sector particularly for the generation of livelihood opportunities for our communities with due attention to enhancing resilience.

Our infrastructure needs remain a priority. Increasing connectivity by improving our road networks, telecommunication and information technology, airports and ports will certainly unlock gains especially escalating trade and economic growth in the region while at the same time lifting vulnerable groups out of extreme hardships. We acknowledge the WBG's ongoing support in this area. We are grateful to the work of the Pacific Regional Infrastructure Facility in this regard complementing our own efforts and working closely with other development partners to leverage resources and breach the infrastructure gap in our respective countries.

We welcome the WBG's work on gender, we believe that increasing women's and youth's economic participation will no doubt spur growth and reduce poverty in our Pacific island nations. We call on the WBG to continue providing the support required to complement existing efforts of our bilateral partners to address gender inequality in our communities.

Mr Chairman, let me conclude by saying that despite the challenges we face, we continue to be encouraged by the development results we have achieved over the past year with the ongoing assistance of the WBG and the Fund. We thank management and staff of the WBG and Fund through the staff based in the regional offices - WBG Sydney Office, and the IMF/PFTAC based in Fiji. We would also like to acknowledge the role of country offices in facilitating the Bank/country dialogue especially in loan preparation, negotiations and policy matrix monitoring. We look forward to an enhanced partnership with the WBG and the Fund in the year ahead.

Thank you for your attention.