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Statement by the Hon. **WILBUR HEINE**,
Governor of the Bank for the **REPUBLIC OF THE MARSHALL ISLANDS**,
on Behalf of the Federated States of Micronesia, Republic of Kiribati, Republic of Marshall
Islands, Republic of Palau, Samoa, Solomon Islands, Tuvalu and Republic of Vanuatu

Statement by the Hon. WILBUR HEINE,
Governor of the Bank for the Republic of the Marshall Islands,
on Behalf of the Federated States of Micronesia, Republic of Kiribati, Republic of Marshall
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Mr. Chairman,

Governors,

Ladies and gentlemen

It is an honor for me to address the 2015 Annual Meetings of the International Monetary Fund (Fund) and the World Bank Group (Bank) on behalf of the Pacific countries comprising of the Federated States of Micronesia, the Republic of Kiribati, the Republic of the Marshall Islands, the Republic of Palau, The Independent State of Samoa, the Solomon Islands, Tuvalu and the Republic of Vanuatu.

Mr. Chairman, economic growth in Pacific Island Countries has modestly grown over the past year, with the growth attributed to donor-financed post-disaster recovery activities and infrastructure developments; and increased domestic revenue generation within each country. Despite our efforts to create enabling environments for growth, our inherent characteristics as small, isolated economies limit our capacity to resist economic shocks and other external negativities. Yet, we are determined to find innovative solutions to address our challenges. We welcome the ongoing support of the Fund and the World Bank Group in this regard.

We welcome the attention the Fund has given to engaging with Pacific Island Countries and to gaining a better understanding of the issues facing small states. We also appreciate its ongoing efforts to translate these insights into country-specific advice. The Pacific Island Countries welcome the Fund's Technical Assistance (TA) and capacity development in the Pacific. Through collaboration with regional organizations such as The Pacific Financial Technical Assistance Centre (PFTAC) in Fiji, the Fund has continued to play a significant role in building Pacific Island capacities. We welcome the increase in the Fund's TA delivery to Pacific Island countries and would like to see this continued. We also welcome the Fund's focus to ensure policy advice and surveillance inputs are tailored to meet the needs of Pacific Island Countries. In this regard, we also appreciate the Fund's June 2015 workshop and high-level dialogue on *Strengthening Fiscal Frameworks in the Pacific Islands*, which was an opportunity for Pacific Island Countries to share insights on ways to strengthen macroeconomic resilience to natural disasters.

We acknowledge the Bank's ongoing internal restructuring that will ultimately create a more efficient, innovative and result-oriented institution. The development of the fourteen 'Global Practices' and five 'Cross-Cutting Solutions Areas', and the 'New Approach to Country Engagement' will enable the Bank to serve its clients, including small island countries such as ours, in a more meaningful way. Likewise, we support the ongoing quota and governance reforms in the Fund.

Mr. Chairman, climate change and the increased frequency of natural disasters will continue to affect our development and security. We have witnessed in the past year the devastating impact of cyclones and flash flooding on our island nations. In March of this year, Cyclone Pam left a trail of unimaginable destruction that will take years to recover from. Scientists are predicting these types of super cyclones will become more frequent in the years ahead. These disasters have caused significant losses and placed enormous burdens on our national budgets and fiscal positions. The quick and unbureaucratic process by which the Fund supported Vanuatu following Cyclone Pam, has made a significant difference in dealing with the immediate aftermath as well as helping to catalyze other finance to rebuild economies. Beyond this immediate support from the Fund, we welcome the Bank's decision to integrate climate change and disaster risk management into country planning, strategies and financing under IDA17 and beyond. We thank the Bank for making available response mechanisms and innovative solutions such as the IDA Crisis Response Window and the Pacific Disaster Risk Financing and Insurance Program. We reiterate our support for the continuation of the Pacific Disaster Risk Financing and Insurance Program and call on the Bank to further refine this initiative, using lessons learned from past weather events, as well as examine the potential for concessional financing to support the continuation of this initiative.

We also welcome the Bank's catalytic role in working with partners to build its existing climate resilience program in small island states, including most of our countries. We fully support the Bank's recently announced Small Islands States Resilience Initiative that is intended to facilitate for small island states like ours ways to build our fiduciary and safeguards capacity so that we may be able to directly access global financing for resilience and climate change. We are encouraged that through the hard work of the Small Islands States Resilience Initiative working group, several proposals have been developed for pilot projects, and we look forward to more projects aimed to mitigate climate change. Similarly, we appreciate the Fund's analysis and advice on the fiscal, financial, and macroeconomic challenges associated with climate change.

We welcome the Bank's work on fisheries and oceans, and, in particular, the focus on capturing greater economic benefits from sustainable management of the Pacific region's oceanic and coastal fisheries and the critical habitats that sustain them. We need collaborative solutions to issues such as overfishing, illegal, unreported and unregulated fishing, damaging extractive industries, population, invasive species, coastal runoff and other stressors that have weakened the health and resilience of our marine ecosystems.

We welcome the Bank's and the Fund's work on gender as a priority focus area. We believe that inclusive growth and job creation for women and youth can translate into broader development gains such as improving child health and education, alleviating hardship in households and communities, and catalyzing productivity.

Mr. Chairman, our infrastructure needs remain a priority. We welcome the Fund's analysis and advice on infrastructure investment as a means to support sustainable and inclusive growth. We welcome the Bank's on-going work in the area of connectivity (including aviation, transportation, and ICT). We also acknowledge the Bank's involvement in some of our countries' energy sectors. All are critical to our sustainable development and need adequate attention. We support the active role the IFC has taken in the sector, working closely with partners in the region including the private sector through innovative public private partnership (PPP) arrangements in our countries. For our smaller islands, where PPPs might not be viable or where there is no formal private sector,

we would like to encourage the Bank's ongoing support and technical expertise in this area, with a particular focus on developing the informal sector to generate livelihood opportunities for our communities.

Mr. Chairman, in closing, let me thank the Management and Staff of the Bank and the Fund for their continuous dialogue and commitment to the development of our countries. We would also like to acknowledge the important role of the Bank Sydney office, the Fund Suva office and liaison offices based in the region. We thank you for working collaboratively with all of the development partners that are active in our countries. We have made significant improvements as a result of your engagement and we look forward to continuing this partnership in the year ahead.

I thank you for your attention.