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Statement by the Hon. **KERAI MARIUR**,  
Governor of the Fund and the Bank for the **REPUBLIC OF PALAU**,  
on Behalf of the Federated States of Micronesia, Kiribati, Marshall Islands, Republic of  
Palau, Samoa, Solomon Islands, Tuvalu and Vanuatu



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Governor of the Fund and the Bank for the Republic of Palau,  
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Mr. Chairman  
Fellow Governors  
Ladies and Gentlemen

Let me begin by expressing my most sincere appreciation for the opportunity to participate in this auspicious occasion of the 2010 Annual Meetings of the International Monetary Fund and the World Bank Group. It is indeed an honor to deliver this statement on behalf of the Pacific States of the Republic of Kiribati, the Federated States of Micronesia, the Republic of the Marshall Islands, the Republic of Palau, Samoa, the Solomon Islands, Tuvalu and Vanuatu.

We would like to take this opportunity to welcome Tuvalu as the newest member of the World Bank.

**Economic Crisis and Recovery**

Earlier this year, countries of the Pacific joined together in Vanuatu for the U.N. Pacific Conference on the “Human Face of the Global Economic Crisis in the Pacific”. It availed us an opportunity to collectively assess the unique vulnerabilities of Pacific Island Countries and explore regional and country specific sustainable solutions beyond the crisis. At the same time it highlighted that progress towards the achievement of the Millennium Development Goals would still be hampered as a result of reduced resources leaving some who were on track to meet these goals to fall behind.

In our part of the world, the human face that lies vividly behind the economic data must always be a foremost consideration to uplift and to nurture. While we are always hopeful for inclusive economic growth that may relieve social disparities, lessened capital resources from the crisis increasingly limit our abilities to provide the basic social services to meet the needs of our people. And even lesser opportunities for our people to provide for their everyday needs.

Our Pacific Island countries do not have at their disposal, the ability to offer economic stimulus assistance to our people. Cash strapped economies have had to continue to maintain stringent fiscal restraints to offset lagging revenue. While the restraints will limit expenditures, they cannot by themselves be the ultimate remedies to rising obligations of debt, inflation and increased food and fuel prices. To this end, many have had to resort to taking on debt to pay for debt in the name of reform; conscious nonetheless, of the economic volatilities that can affect their ability to repay and are

aware of the restraints that such obligations can place on fiscal options available to them in the longer term.

In this context, we consider that the Bank and the Fund can offer more in terms of being more proactive towards our need for strengthened macroeconomic frameworks and structural changes to improve our resilience to global and natural developments. We welcome the efforts of the two Institutions to strengthen and enhance their services through the country and regional offices. We would like to specifically make mention of the direction that the World Bank is taking in developing individual country assistance strategies of the Pacific Island countries.

### **Reform**

We urge the World Bank Group and the Fund, and other multilateral institutions, to continue to be a critical player in the post-crisis recovery agenda. This is important for maintaining momentum during an unstable recovery period. Therefore, we commend the Bank for embarking on an impressive internal reform agenda to address long-term development challenges and changes created from crises. We believe these reforms will shape the future engagement of the Bank and the Fund within the region through a more effective, client-focused, nimble and flexible approach.

### **IDA**

We recognize that IDA turns 50 since its establishment and would like to congratulate IDA for their long-term support to development programs in the region. IDA's resources and knowledge services have complemented our efforts to cope with the impact of the global crisis. We believe IDA is critical to the achievement of the MDGs in the region and it is well positioned to scale up to help countries close the gaps in critical areas and address emerging developmental challenges linked to climate change and crisis response. We urge donor communities to put more resources to IDA so that it extends to our countries a robust financing facility.

### **Accessing the resources and expertise of the Fund and Bank**

We acknowledge the efforts the Bank has made to increase its representation in the region with the joint offices opened with the Asian Development Bank in many Pacific countries. We also acknowledge the opening of the office this year for the IMF Resident Representative in the Pacific, which demonstrates the importance the Fund places to the region. We hope for more responsive needs to the Pacific members as a result, and will certainly allow for the more regular contact to facilitate engagement.

We also encourage the Bank and the Fund to progress innovative and efficient ways of bringing its expertise closer to its member countries, for example, through a more

effective co-location of technical assistance services between the Fund and the Bank, particularly within the umbrella of the Pacific Financial Technical Assistance Centre.

### **Climate Change**

Climate change remains a reality in our part of the world that transcends beyond theory. As the world deliberates on its complexities, our neighbors relocate their homes away from the shorelines and watch crops disappear beneath the rising tides. In all of this, lie critical issues of the environment that sustains our livelihood, of food security and the survival of our people. Not only that, our resources are being diverted away from pursuing developmental projects to addressing the effects of the rising tides. We continue to stress that climate change should be a priority that cannot be set aside to be discussed later. While the Bank has offered assistance on adaptation and mitigation efforts to relieve countries of the devastating effects of climate change and other natural disasters, it should continue relentlessly to provide accessible resources to address these needs. It is our hope that sometime in the future, small island states who contribute the least to the ill effects of climate change may benefit most from the resources allocated toward remedial efforts.

### **Conclusion**

Mr. Chairman, after sharing these impressions, I must offer my most sincere expression of gratitude and genuine appreciation to the Management and staff of the World Bank and the International Monetary Fund for the many years of generous assistance offered to our respective islands of the Pacific. Your growing presence and engagement through your regional offices is assurance of commitment to be responsive to regional and country specific needs of our small island states. I am hopeful that through your support of regional collaboration, our interactions with each other continue to be a forum of shared experiences that inspires us to work together to attain a shared vision of sustainable development that ensures socio-economic benefits for our people and the island countries of the Pacific. I trust that your foresight will enlighten our work towards the achievement of the Millennium Development Goals. Thank you.