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Statement by the Hon. **GEORGES MANIURU**,
Governor of the Bank for **VANUATU**,
on behalf of the Federated States of Micronesia, Kiribati, Marshall Islands, Republic of
Palau, Samoa, Solomon Islands, Tuvalu and Vanuatu

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Mr. Chairman
Fellow Governors
Ladies and Gentlemen

At the outset, I would like to congratulate Dr. Jim Yong Kim on his appointment as the new President of the World Bank Group. We also take this opportunity to welcome Ms. Pamela Cox, the new Vice President for East Asia and the Pacific region of the Bank.

Mr. Chairman, it is a great honour for me to address the 2012 Annual Meetings of the International Monetary Fund and the World Bank Group, on behalf of the Pacific Island Countries comprised of the Federated States of Micronesia, Kiribati, Republic of Marshall Islands, Republic of Palau, Samoa, the Solomon Islands, Tuvalu and Vanuatu.

Five years after the global financial crisis, growth remains weak in major advanced economies and, following the recent deterioration in Europe, there are signs that the Asia-Pacific region may be slowing. The economic performance of Pacific States remains tightly coupled to these global economies. Revenue derived from our natural resources across the region remain volatile, income from seafarers has declined alongside global trade, and visitor numbers to many states heavily reliant on tourist inflows have fallen. Strong growth in Australia and Asia has provided a buffer through remittances and trade, but there is growing evidence that the Asia-Pacific region cannot remain immune should the situation in advanced economies continue to deteriorate.

Extreme environmental vulnerability, a lack of economic depth, and limited diversification all reduce the region's capacity to absorb shocks. The IMF and World Bank have invested considerable resource into understanding the unique challenges facing the region. It is important that this work continue as smallness and distance from markets call for tailored policy prescriptions. Extreme remoteness and geographical dispersion complicate trade, small populations raise the cost of governance, and limited depth in financial markets can complicate macro policy. We welcome staff to continue work looking at how policy advice can be tailored to work with local institutions in an Island context. Work on financial deepening and private sector growth are a priority, but we remain skeptical that a "one size fits all" approach will yield results especially in states where scale remains a developmental barrier.

We continue to remain committed to national and regional actions aimed at generating growth and improving the well-being of our people however with our limited resources and technical capacity we call on the Bank and the Fund to continue supporting a coordinated TA program aimed at building capacity on the ground as well as addressing the economic challenges Pacific countries currently face. There is also the need for the Bank and Fund to be more flexible and ensure the policies are fit for the purpose of small vulnerable economies.

Bank and Fund Presence in the Pacific

In this connection, we welcome the increase presence and activities of both the Bank and the Fund in the Region. The office of the Pacific Financial & Technical Assistance Centre (PFTAC) in Fiji continue to work closely with governments and is responsive to technical needs providing ongoing TA support to develop local capacity and improve the governance of small states. In this regard we thank the Fund and

third-party development partners for their assistance to PFTAC and continue to support the increase in the PFTAC's capacity, particularly with respect to adequate funding.

We welcome the leadership shown by Deputy Managing Director Min Zhu in championing small state issues, most notably through his recent visit to the region. The March IMF's high-level Pacific Island conference in Samoa was a success. And we encourage the Bank and Fund to bring more of these conferences to the region.

Climate Change & Disaster Risk Management

The climate change agenda continues to be a top priority for Pacific Island countries. Being small and isolated, the visible effects of climate change especially on our low lying atolls continue to be a threat to the lives of our people.

We acknowledge the Bank's work on developing innovative financing facilities and trust funds for climate mitigation, adaptation and disaster resilience work in our countries however there is much more that can be done to assist climate-vulnerable countries such as ours access climate change funding.

Mr. Chairman, without the support of the Bank and the Fund together with our international community the future of our countries is at risk hence the call for the Bank to provide practical solutions and assist Pacific island countries access climate change related facilities.

Oceans and the Blue economy

The Pacific states are surrounded by the oceans and is dependent on its resources for its livelihood and food security, the marine ecosystems are under serious threats from human actions and unregulated over-fishing and from the impacts of climate change. Combined, they threaten the sustainability of our islands' Blue Economy. From this perspective, we must work strategically with our development partners and like-minded countries to ensure that the Blue economy gets the priority and prominence it deserves to guarantee it remains a viable economic opportunity for our Pacific states.

Mr. Chairman, the Pacific Island countries acknowledge with gratitude the Bank's new Global Partnership for Oceans (GPO) initiative which will be tailored to fit the needs of the Pacific Island countries by way of developing an investment package that is fully supported by Pacific Island countries, CROP agencies and development partners. The fact that this initiative will contribute to existing frameworks such as the Pacific Oceanscape Framework endorsed by our Forum Leaders will no doubt enhance the quality and effectiveness of this pilot program.

Private Sector Development and Employment Creation

Private sector growth continues to be disappointing for our economies despite ongoing efforts to create an environment that is conducive to business development. There has been a lot of effort to attract foreign investors to the region but have not been successful. The Bank and the Fund is once again requested to continue working closely with our individual countries to determine viable options and review existing policies/frameworks that will attract foreign investors in the region. Without strong private sectors, our countries are not able to create jobs for our people. In this regard, we seriously request the Bank and IFC to invest in meaningful program that can boost private sector development and create employment in the region.

Infrastructure Gaps

Closing infrastructure gaps especially our road networks, telecommunication, seaports and airports sectors remains a top priority for Pacific Island countries. We welcome the Bank's contribution to the Pacific Aviation Investment Program with is supported by the Government of Australia through the Pacific Regional Infrastructure Facility (PRIF). The program will focus on improving aviation in the

region with the aim to boost trade and tourism. This is evidence of improved coordination of resources from our development partners through regional facilities such as the PRIF. Once again, we will continue to work closely with the Bank through PRIF to assist with infrastructure development in line with our national priorities.

Gender Equality

Mr. Chairman, the Pacific states welcome the Bank's efforts in promoting gender equality across the region. The launching of the World Development Report on Gender Equality and Development 2012 (WDR 2012) is evidence of the Bank's commitment to moving the gender agenda forward. However, there is a lot more work that needs to be done to ensure gender gaps identified for the region are addressed. In this context, we ask for the Bank to increase its technical and financial support to the region and ensure efforts are coordinated with other development partners using existing regional and national frameworks.

Governance Reform

The Pacific Island States remain committed to the implementation of the 2010 Governance reforms. Governance reform is critical to the ongoing legitimacy and operation of the World Bank and IMF. Fast growing emerging markets should gain fair representation. But, it is critical, in pursuing this goal, that the membership avoid losing sight of the 2008 principles that have underpinned recent governance reviews.

An updated quota formula should reflect the multiple roles of quotas, including that of determining fair access to resources. A move towards a simpler formula, especially one based purely on GDP, is inconsistent with this goal given its significant impact on small open economies. The international community has already committed to protect the voice and representation of the IMF's smallest members, but it remains vitally important that this commitment be extended to protect access to resources.

Conclusion

Mr Chairman, I conclude here by saying that the past twelve months have been challenging for the Pacific Island States but progress has been made in a lot of areas. I would like to take this opportunity to express our appreciation to the management and staff of the World Bank through the Sydney Office, and the Fund through PFTAC for their ongoing commitment and support of our development objectives. We look forward to another year of working closely with the World Bank and the IMF to complement our efforts in addressing the socio economic development challenges of the region so that we are able to achieve better outcomes and improve the quality of life of the people we serve.

Thank you for your attention.