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Statement by the Hon. **SILI EPA TUIOTI**,
Governor of the Bank for **SAMOA**,
on Behalf of the Federated States of Micronesia, Kiribati, Marshall Islands, Nauru,
Palau, Samoa, Solomon Islands, Tuvalu and Vanuatu

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Mr. Chairman,
Fellow Governors,
Distinguished delegates,
Ladies and Gentlemen

It is a great honor for me to address the 2017 Annual Meetings of the International Monetary Fund (Fund) and the World Bank Group (Bank) on behalf of the 9 Pacific countries comprising of the Federated States of Micronesia, the Republic of Kiribati, the Republic of the Marshall Islands, the Republic of Nauru, the Republic of Palau, the Solomon Islands, Tuvalu, the Republic of Vanuatu and the Independent State of Samoa.

The Pacific Islands continue to face unique development challenges shaped by our economic geography. Remoteness from major markets, fragmentation and small population sizes, limited resources, susceptibility to natural disasters and vulnerability to external shocks are key structural barriers to our development. Growth is further constrained by high communication, energy and transportation costs, irregular international transport volumes, disproportionately expensive public administration and infrastructure, and little to no opportunity to create economies of scale.

We have implemented a set of necessary reform initiatives to underpin macroeconomic stability and to provide improved service demanded by our communities. Yet for most of us, performance has been well short of expectations.

Despite all these limitations, we are committed to the objective of a better quality of life for our people complemented by the implementation of the 2030 Agenda for Sustainable Development. We continuously strive to find innovative pathways and opportunities to overcome the inherent constraints faced and to allow our economies to prosper. Towards that goal, we welcome the ongoing support provided by the Fund and the Bank.

Let me acknowledge the tremendous Bank support through a significant scaling up in IDA 18 resources. The record replenishment of US\$75 billion has translated into significant increases in country allocations which means most Pacific countries will be in a better position to deliver on their national priorities as well as the Agenda 2030. We welcome the commitment of the donor community to the IDA18 process which demonstrates its support to the goal of leaving no one behind. We urge the World Bank to ensure the increased financial resources is matched by an increase in staffing resources available to the Pacific so that this increased financing translates to positive real outcomes for the Pacific people.

Additionally, we must work harder and faster to ensure that no Pacific member state is left behind or remains trapped by their middle-income country (MIC) status. Two of our Pacific member states, namely, Nauru and Palau, are disadvantaged by their double-edged positions of being

Middle Income Country (MIC) and, at the same time, judged to not meet the credit standards for IBRD access, and consequently unable to access WBG development finance. Nonetheless, Palau and Nauru face great development challenges in their infrastructure, health, education and other critical sectors, similar to those faced by other small states who benefit from support through IDA and IBRD. We welcome the Bank's Small States Roadmap that rightly seeks to develop proposals that will enhance concessional financing to address small states vulnerability, clarify vulnerability metrics and concessional financing, and facilitate access to concessional climate financing. As the Forward Look makes clear, the World Bank Group is expected to serve all its clients and we call on Bank management and our Executive Board to ensure the scope of this work extends to include the specific circumstances faced by Nauru and Palau.

We commend the World Bank's work through the Pacific Possible Report which was officially launched during the Pacific Island Forum Leaders meeting last month in Apia, Samoa. The document provides the analytical groundwork to respond to the challenges and opportunities faced by Pacific Island Countries, with particular focus on those opportunities that could generate a transformational shift to the regional economies. We look forward to a continued partnership with the Bank in operationalizing those strategies for the benefit of Pacific economies.

We would also like to acknowledge the joint efforts of the Bank and the Fund in recognizing the extreme vulnerabilities of the Pacific countries to natural disasters in the determination of the degree of country debt distress. This has allowed Pacific countries to have increased access to grant resources to finance their development agenda. We look forward to having all the Pacific countries benefit from this initiative.

Mr. Chairman, to maximize the opportunities for growth and minimize the identified risks, we believe that infrastructure remains a priority. We welcome the Bank's ongoing work in regional and international connectivity (aviation, transportation and ICT); the Energy sector as well as the Funds support in analyzing and advising on infrastructure investment to support sustainable and inclusive growth. We support IFC's active in the Pacific region, working closely with partners in the region including the private sector through innovative public private partnership (PPP) arrangements. For smaller islands, where PPPs might not be viable, we would encourage the Bank's technical support in building capacity in this area, with a focus on developing the informal sector to generate livelihood opportunities for our communities.

We appreciate the collaborative efforts by the Fund and the World Bank (WB) and the various key development partners in identifying the root cause of de-risking. This has ensured that we have a better understanding of how adversely affected Pacific small island development states (SIDS) could be if not adequately addressed. That said, the process has also revealed how acutely limited correspondent banking relationships (CBRs) are for locally owned commercial banks in remittance recipient Pacific SIDS. We therefore strongly urge the International Monetary Fund (IMF), the World Bank (WB) and the Asian Development Bank (ADB) and all development partners to direct all the required resources to adequately address these development issues affecting SIDS, including the Pacific region. We are also committed in continuing our efforts to implement and strengthen our AML-CFT policies and measures, and to solicit sound and practical technological solutions.

We are encouraged by the close working relationship between the Fund and Bank; and the regional organizations in the Pacific. There is now greater synergy between Fund/Bank programs and Pacific regional programs under the Framework for Pacific Regionalism in support of sustainable economic growth in the region. We look forward to this partnership growing into the future.

We acknowledge the active role of PFTAC (IMF) in supporting public finance management reforms in the region. As well, we welcome the Bank's increased presence through regional offices in Sydney and Suva as well as in-country liaison offices. No doubt this will provide the necessary ground support to ensure the increased IDA 18 resources are implemented on a timely basis.

Finally let me express our appreciation to the management and staff of the Bank and the Fund for their ongoing commitment and support towards our development objectives. We continue to benefit from the financial and technical assistance that have leveraged our limited resources and enhanced our efforts to improve growth, and to achieve better outcomes for sustainable development of our small island economies.