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Statement by the Hon. **CASTEN NEMRA**,
Governor of the IBRD for the **REPUBLIC OF THE MARSHALL ISLANDS**,
On Behalf of the Federated States of Micronesia, Kiribati, the Republic of the Marshall
Islands, the Republic of Nauru, the Republic of Palau, Samoa, Solomon Islands,
Tuvalu, and Vanuatu

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Governor of the IBRD for the Republic of the Marshall Islands,
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Honorable Governors, Distinguished Delegates, Ladies and Gentlemen,

On behalf of the Pacific countries of the Federated States of Micronesia, Palau, Samoa, Solomon Islands, Tuvalu, Vanuatu, and my own country Marshall Islands, I am honored to deliver the 2023 Pacific Statement to the Annual Meeting of the Board of Governors.

I extend warm Pacific greetings to all, and utmost gratitude to the World Bank Group and the IMF for organizing this session. I also extend our sincere gratitude to the host country of Morocco, and take this opportunity to once again convey heartfelt sympathy and deepest condolences to the Moroccan people following the devastating earthquake that claimed so many precious lives.

1. Prolonged Economic and Fiscal Challenges

The Pacific countries consider the years 2020 to 2023 to be the most challenging years that our region has faced in the last decades due to the damaging economic and fiscal challenges brought by the pandemic. The Covid-19 impacts continue to reverberate today. Additionally, the impacts of the Russia's invasion of Ukraine have dramatically increased the cost of living facing our people, inflating development costs, slowing economic recovery, and significantly increased borrowing costs. Debt levels continue to rise, yet investment needs in the Pacific, including infrastructure development and climate change response, continue to escalate. The challenges we face are complex, but the potential for positive change is immense. Through collaboration, innovation, and strategic investments, we can build a resilient and prosperous Pacific for generations to come.

2. Climate Resilience and Adaptation

Recognizing that our region is on the frontline of climate change impacts, we emphasize the urgent need for enhanced support in building climate resilience and adaptive capacities. In our region we are seeing more frequent drought periods, stronger cyclones, coastal erosion and sea-level rise. We call for increased investments in renewable energy, sustainable agriculture, coastal protection, and disaster risk reduction to safeguard our communities and ecosystems. We welcome the recent initiatives at the World Bank and the IMF to enhance climate response measures, such as the IMF Resilience and Sustainability Trust, the new World Bank Climate Resilient Debt Clause and the Crisis Response Toolkit. We call on the Bank and the Fund to deploy targeted outreach to Pacific Islands to increase awareness and uptake of these important crisis tools.

3. Access to Finance and Capacity Building

Access to finance remains a significant challenge for our nations, particularly for the most vulnerable and remote communities. We request the World Bank to expand its financial inclusion initiatives tailored to the Pacific context. This includes addressing financial exclusion imposed upon our people as a result of global regulations and closures of correspondent banking relationships. We call on the World Bank and IMF to strategically engage with other relevant international organizations such as the G20 and the Financial Action Task Force, to defend and support the Pacific interests in global financial regulation forums.

Moreover, continued capacity building is critical for enhancing governance and improving project implementation. To be able to catch up on development goals post COVID-19, we call on scaled up capacity building support tailored to our individual country needs. As an example, with the continued challenges with access to climate finance, the World Bank can be a key climate partner, as an accredited implementing entity of climate funds like the GCF, to help us access and implement large scale climate projects in the Pacific region.

Specific to IDA project portfolio implementation, Hands-On Expanded Support should become the norm in the Pacific, as long term and on-site technical support has been the most effective skills transfer mechanism for many of our institutions.

4. Sustainable Blue Economy

The Pacific Ocean is a vital resource for our nations, providing food security and economic opportunities. A live-able Pacific means protecting the ocean biodiversity which is the source of food for millions. Ending poverty in the Pacific also means preserving the ocean biodiversity hence the livelihood of those who depend on it. We call upon the Bank to continue its support for initiatives that ensure the conservation of our marine ecosystems, strengthen fisheries management, and foster sustainable blue economies in our region, and more proactive IFC engagement to mobilize private capital to unlock potentials of the blue economy, including carbon offset markets where feasible.

5. Human Capital Development and Workforce Development

Pacific small states continue to value the people as their most important asset, and we continue to highly value inclusive human capital development as the key drivers of growth, and poverty reduction. We seek greater collaboration in expanding access to quality education and vocational training. This includes leveraging technology to bridge digital divides and fostering innovation to equip our youth with the skills needed for a rapidly evolving global economy.

The ongoing COVID-19 pandemic has underscored the critical importance of robust healthcare systems for our people. We call for continued investment in public health infrastructure and capacity-building to address current and future health challenges, and welcome World Bank support in enhancing social safety nets for effective response to future health and natural disasters.

6. Infrastructure and Connectivity

Efficient and sustainable infrastructure is essential for economic growth and regional integration in the Pacific. We advocate for investments in transportation, energy, and digital connectivity to unlock new opportunities for trade, tourism, and economic diversification. Regional IDA funding windows have been instrumental in helping us finance projects with regional benefits such as fisheries management and digital connectivity. Given the high investment costs associated with our isolation and dispersed characteristics, we ask for scaled-up IDA resources to help us meaningfully address our development challenges, including climate change resilience building.

7. Effective Debt Management

The Pacific countries incurred much higher debt levels to respond to the devastating impact of the Covid-19 pandemic, diverting attention from core development needs, including progress on SDGs and climate investments. We continue to call on debt forgiveness and debt swamps for climate change and environmental protection initiatives, as well as sufficient and highly concessional finances for our small island states.

8. Increased Contribution to IDA Resource

IDA continues to play a critical part in our development efforts, financing development needs that are critical for inclusive and sustainable growth, and resilience building. However, donors' contributions have flattened over the last decade and as a result, we are facing a financial cliff over the medium term. We call on donors' solidarity in ensuring additional IDA contributions over the medium term to help our Pacific countries finance progress toward full achievement of SDGs and enhance resilience against deteriorating climate impacts. An increase in donor contributions to the IDA Fund would help scale up national IDA allocations for eligible IDA members to cater for country specific needs as well as the regional IDA allocation to further leverage regional cooperation and collective interests of Pacific islands as a region.

We also call on the World Bank to help us get there faster. We continue to struggle with the lengthy project preparation time and burdensome implementation requirements. We see the need to streamline processes for capacity constrained members and deploy sufficient hands-on support as needed to ensure that project outcomes and positive impacts on lives are delivered without delays.

Conclusion

The Strategy 2050 for the Blue Pacific launched in 2022 is our pathway towards a resilient Pacific region of peace, harmony, security, social inclusion, and prosperity that ensures all Pacific people can lead free, healthy and productive lives. The Blue Pacific Strategy further strengthens our commitments to the 2030 SDG Agenda, Paris Agreement, and other international commitments. We ask for the World Bank's continued support in the areas above, and within the context of the Blue Pacific Strategy.

We extend our gratitude to the World Bank for its continued partnership with our Pacific Island Nations. As we navigate the challenges and opportunities before us, we emphasize the importance of inclusive and sustainable development that leaves no one behind. Together, we can build a better future for our people and safeguard the natural beauty and resources of our Pacific region.

Thank you