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Statement by the Hon. **LOTOALA METIA**,
Governor of the Bank and the Fund for **TUVALU**,
on Behalf of Kiribati, Republic of Marshall Islands, Federated States of Micronesia,
Republic of Palau, Samoa, Solomon Islands, Tuvalu and Vanuatu

**Statement by the Hon. Lotoala Metia,
Governor of the Bank and the Fund for Tuvalu,
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Mr. Chairman

Colleague Governors

Ladies and Gentlemen

Last year was our first as a member to both the International Monetary Fund (IMF) and the World Bank Group (WBG). This year, I have been given the opportunity to deliver this statement on behalf of the Pacific States comprising of the Federated States of Micronesia, the Republic of Kiribati, the Republic of the Marshall Islands, the Republic of Palau, Samoa, the Solomon Islands, Tuvalu and Vanuatu. As the smallest member country in both institutions, it is indeed an honor and a privilege to address this forum on issues and challenges that are particular to Pacific Island Countries (PICs).

Pacific Island Economies

Mr. Chairman, Pacific economies are still recovering from the effects of the Global Economic Crisis. The current uncertainty surrounding the global recovery and the second-round effects of food and oil prices present immediate macroeconomic challenges to our fiscal and external sustainability. As a group of small vulnerable countries, with narrow export and production bases, and geographical remoteness, we face broadly similar challenges resulting largely from diseconomies of scale. However, each Pacific economy has distinct needs and requires tailored solutions. Well targeted efforts is necessary to overcome current macroeconomic challenges, and create jobs to progress our national and international development goals.

We remain committed to national and regional actions to generate growth aimed to improve the well-being of our people. To this end, we will persevere with reform and implement policies and capital projects that promote private sector development and strengthen sectors of comparative advantage such as agriculture, tourism, and fisheries. Given our limited technical capacities, the achievement of these priorities will require ongoing coordinated support provided by partners such as the World Bank Group and the International Monetary Fund.

Climate Change

Mr. Chairman, climate change is now the most serious threat to our regional economic growth prospects and more fundamentally the security of people's livelihood in our region. We need urgent tailor-made solutions for the implementation of critical and urgent adaptation priorities.

Implementation of mitigation and adaptation initiatives are matters of national survival, not only for Pacific states but also for other developing member countries. We are hopeful therefore that the Bank and the Fund can assist by providing necessary support including simplifying the access criteria for the various climate change financing and fast tracking their drawdown through our national systems to support the implementation of national priorities. While some progress is being made, we believe more needs to be done.

World Bank Group Country Assistance Strategy and IDA Resources

In this regard, we welcome the first joint World Bank and IFC Country Assistance Strategy (CAS) for Kiribati, approved by the Board early this year. This is a positive development for the World Bank Group, delivering on its commitment to develop individual strategies for the Pacific Island countries. In welcoming this, we would like the Bank to set out a clear timeframe for the development of the remaining Country Assistance Strategies for other countries in our region.

We also commend the World Bank Group for its long standing support which is sustained through IDA resources. IDA Resources have been a key complementary force in assisting us to address our pressing priorities and in particular infrastructure development, telecommunication reform, agriculture development and food security, institutional reform, energy and climate change adaptation, as well as budget support.

Governance Reform

Mr. Chairman, we support the implementation of the quota and governance reforms in both the Bank and the Fund to make the two Institutions more relevant and representative of emerging markets and developing countries. In this context, while we agree with the Boards of both Institutions that the quota and governance reform would need to enhance the representation of dynamic economies, we would like to underscore that such increase should not come at the expense of other developing countries, such as our own.

Surveillance, Technical Assistance and Representation

Mr. Chairman, we consider effective and regular surveillance as critical in strengthening macroeconomic frameworks and driving the structural changes needed to improve our resilience to regional and global challenges. In that context, we note the Fund's commitment to look into the spillover effects from Australia and New Zealand, as well as the United States and Europe on our region. We also encourage the Fund to update Pacific countries' Financial Sector Assessment Programs, to support sound policies in this sector.

In this connection, we consider the provision of well coordinated and timely technical assistance (TA), relative to our absorptive capacities remains essential for ensuring sound policy development and analysis. The ongoing work of PFTAC and IFC is critical in this regard. We will support the World Bank Group and the Fund to increase their presence in the Pacific, including through co-location with the PFTAC and other multilateral institutions.

Donor Coordination

We believe coordination amongst donors and developmental partners is needed for improved efficiency and cost effectiveness and we believe both the Bank and the Fund have important roles to play in donor coordination. The Pacific Principles on Aid effectiveness and the Forum Compact on Strengthening Development Coordination provide a framework for continuous improvement, and we look forward to working with the Bank and Fund to improve performance in this regard.

We are encouraged by the commitment of the World Bank and the IMF to the Pacific by working together in partnership to ensure efforts are complementary to those of other development partners.

Conclusion

Mr. Chairman, we trust our engagements at this year's Annual Meeting once again demonstrate the importance of our partnership with the IMF and the World Bank Group. I would like to convey the gratitude of our Governments to the Management of the World Bank Group and the IMF for all their support over the year. We look forward to working closely again over the coming year to address the issues that have been highlighted.

In this regard, let me formally welcome Ms Christine Lagarde the new Managing Director of the Fund. We look forward to working with you, and invite you and the President of the World Bank Group to our region to witness firsthand the development challenges we face, and to help address our needs.

Let me finally take this opportunity to convey our collective gratitude to the outgoing Vice President for East Asia and the Pacific Region of the World Bank Group, Mr. Jim Adams. Mr. Adam's vision and leadership ensured that Pacific issues were prioritized within the World Bank Group. We wish Mr. Adams the very best in his future endeavors and, we look forward to working closely with the incoming Vice President.

Thank you very much.