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Governor's Statement No. 9

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Statement by the Hon. **THOMA DELVIN O'NEALE**,
Alternate Governor of the Fund and the IBRD for **NAURU**
on Behalf of the Federated States of Micronesia, Kiribati, Republic of the Marshall
Islands, Republic of Nauru, Republic of Palau, Samoa, Tuvalu, and Vanuatu

Statement by the Hon. Delvin O'Neale Thoma,
Alternate Governor of the Fund and the IBRD for Nauru,
on Behalf of the Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Palau,
Samoa, Solomon Islands, Tuvalu and Vanuatu

On behalf of His Excellency Governor David Adean of Nauru, and the Honorable Governors of the Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Palau, Samoa, Solomon Islands, Tuvalu, and Vanuatu, I am honored to deliver the 2025 Pacific Statement to the Annual Meeting of the Board of Governors. I extend warm Pacific greetings to all, and our utmost gratitude to the World Bank Group and the IMF for organizing this session.

We extend our sincere gratitude to the President of the World Bank, Mr. Ajay Banga, for visiting the Pacific region this year, and taking the time to see firsthand the unique pressures and challenges we face. We greatly appreciate the platform this visit provided for our leaders to directly convey many of the key messages outlined in this statement.

Call for a Robust IDA21 Replenishment

The Pacific region has faced unprecedented challenges in recent years, driven by the impacts of climate change, lingering economic disruptions from the COVID-19 pandemic, and the rising cost of living due to global conflicts. In light of these persistent challenges, we strongly call for a robust replenishment of the International Development Association (IDA21). A well-funded IDA21 is essential to support Pacific Island countries achieve sustainable development, strengthen climate resilience, and build economic stability.

We welcome the World Bank's commitment to aligning IDA21 priorities with the Pacific Islands Forum's 2050 Strategy for the Blue Pacific Continent. This alignment includes focusing on job creation for women and youth, enhancing regional economic opportunities, and scaling up investments in climate adaptation and resilience.

Climate Change and Resilience

Our nations remain on the frontline of the global climate crisis. Rising sea levels, severe weather events, and changing ecosystems threaten our very existence. We reaffirm the urgency for increased support in climate mitigation and adaptation efforts. We welcome the recent enhancements in the Bank's Crisis Response Toolkit. In particular, we are happy to see the flexibility introduced through the World Bank's Climate Resilient Debt Clause (CRDC) and Rapid Response Option (RRO), which allow Pacific countries to defer debt service in times of crisis. These initiatives are critical for managing both short-term emergencies and long-term financial stability.

We also call on the Bank to use its international accredited entity status to global climate funds, to support Pacific countries access these funds at scale to meet resilience investment needs.

Economic Development, Connectivity and Regional Integration

Economic diversification and regional integration are crucial to our sustainable growth. Pacific leaders have emphasized the need for the World Bank and IMF to support initiatives that promote regional economic cooperation, especially in sectors like fisheries and sustainable tourism, which are vital to our local economies. We welcome the implementation of the East New Britain Initiative (ENBi) to enhance economic returns from fisheries resources and create more job opportunities within our communities.

Regional trade facilitation is essential for unlocking the potential of our economies. We call upon the World Bank to support the Pacific Regional Trade Facilitation (PRTF) Strategy, the Pacific Regional E-Commerce Strategy (PRECS) and other aid-for-trade initiative including quality infrastructure and services. Addressing the high costs of maritime and air transport in the Pacific remains a priority for enhancing trade and economic connectivity within and beyond our region.

Human Capital and Job Creation

The Pacific countries continue to value human capital as our greatest asset. We call for increased investment in education, vocational training, and healthcare to strengthen our workforce and support inclusive growth. Building digital literacy and technological capabilities among our youth is essential for equipping them with the skills needed to thrive in a rapidly evolving global economy.

We also urge the World and the Fund to continue the focus on gender equality and social inclusion, ensuring that women and marginalized groups are at the forefront of development initiatives. Empowering all members of our societies will enhance our collective capacity to achieve sustainable development.

Sustainable Finance and Debt Management

Pacific Island countries face high levels of debt, largely due to prolonged economic impacts of the pandemic, frequent natural disasters and ongoing climate adaptation costs. We urge the World Bank and IMF to provide technical assistance in managing debt sustainably and to consider innovative financing mechanisms. We were pleased to see the joint work on debt-for-development swaps and encourage the World Bank and IMF consider the feasibility of voluntary carbon offset markets. These tools can provide Pacific nations with the fiscal space required to focus on development projects that will enhance resilience and economic recovery.

Strengthening Correspondent Banking Relationships (CBR)

The de-risking and de-banking challenges in the Pacific have severely impacted our financial systems and limited access to essential services. We commend the World Bank-led Pacific Strengthening CBR Project and urge continued support to address these critical issues. A stable and secure banking ecosystem is vital for economic growth, financial inclusion, and sustainable development in our region.

Concessional Finance and Capacity Building

The Pacific region stands at a critical juncture, where the decisions we make today will shape our future resilience and prosperity. We are grateful for the ongoing support of the World Bank and IMF and their commitments to the development priorities of our region as outlined in the Pacific Islands Forum's 2050 Strategy. However, no nation must be left behind in our global development process. We therefore reiterate our call on the World Bank to align its concessional finance policies with the Asian Development Bank's approach, which allows small island nations like Palau and Nauru access to concessional resources despite their high-income classifications. Our nations face significant and unique vulnerabilities due to small size, remoteness and capacity constraints. A tailored policy shift that effectively recognize the unique vulnerabilities of micro-states can help foster more equitable support for all vulnerable states in the Pacific. In this regard, we ask the World Bank to consider how elements of the MVI could be used to strengthen the Bank's existing frameworks for addressing vulnerability concerns which, while very effective, do not address the needs of some highly vulnerable small island developing states.

We urge the IMF to consider an increase in its funding allocation to capacity building in our region. The Pacific faces unique and evolving challenges that necessitate robust capacity building and the leveraging of strong data and development expertise. Now is the time for the IMF and PFTAC to transform its technical assistance programs in the Pacific to effectively address long-standing capacity gaps as well as emerging challenges. PFTAC is also well-placed to improve coordination of capacity building initiatives led by key partners in the region, including the World Bank and various bilateral partners.

Conclusion

Together, let us continue to work and strive towards a resilient, sustainable, and inclusive future for the Pacific region. The Pacific region has a vital role in the global community, as a region that is committed to maintain peace, good governance and facilitates stable global trade. We ask for increased support from the World Bank and the IMF to help us ensure that our communities thrive in harmony with our environment, safeguarding our way of life for generations to come.

Thank you.