ANNUAL MEETINGS
2026 | THAILAND
INTERNATIONAL MONETARY FUND
WORLD BANK GROUP

Governor's Statement No. 13

October 15, 2026

Statement by the Hon. **MULIPOLA ANAROSA ALE MOLIO'O,**
Governor of the Fund and of the IBRD for **SAMOA,**
On Behalf of
Samoa, the Federated States of Micronesia, Kiribati, Naoero, Palau,
Solomon Islands, Tuvalu, Vanuatu and Marshall Islands

Statement by the Hon. Mulipola Anarosa Ale Molio'o,
Governor of the IBRD for Samoa,
on Behalf of Samoa, the Federated States of Micronesia, Kiribati, Naoero, Palau,
Solomon Islands, Tuvalu, Vanuatu and Marshall Islands

Honorable Governors, Distinguished Delegates, Ladies and Gentlemen,

I bring greetings from the Blue Pacific Continent, a region defined by deep cultural roots, vast ocean stewardship, and a people whose resilience has been tested repeatedly by forces largely not of their making. On behalf of nine Pacific Island nations, I thank the World Bank Group (WBG) and the International Monetary Fund (IMF) for this forum and for the continued commitment both institutions have shown to the Pacific. These engagements matter, and we value every opportunity to place Pacific experience at the center of global development dialogue.

Our message today is straightforward: the challenges we face are real, the data supports the urgency, and the partnerships we are calling for are both practical and within reach. We ask that solutions be built to fit our context: remote, small, and ocean-bound, not adapted from frameworks designed for larger economies.

Who We Are and What Is at Stake

The Pacific Island nations collectively steward the world's largest ocean, safeguarding marine ecosystems that help regulate the global climate. Our fisheries, shipping lanes, and ocean resources contribute significantly to global trade and food security. The Parties to the Naoero Agreement's vessel-day scheme alone has quadrupled license-fee revenues for member nations, demonstrating what Pacific-led resource governance can achieve. Our region is also a geostrategic connector between continents. In short, a stable and prosperous Pacific is in the interest of the entire world.

Yet, the numbers tell a sobering story. According to the World Bank's Pacific Economic Update (May 2026), regional growth, which reached 6.5 percent in 2023, has slowed markedly, with growth estimated at 3.2 percent in 2025 and projected to ease further to 2.8 percent in 2026, before a modest recovery to 3.1 percent in 2027. The IMF projects medium-term growth of around 2.7 percent annually through 2029, down from 3.2 percent in the two decades before the pandemic. These are not temporary fluctuations; they reflect structural constraints that, left unaddressed, risk widening poverty across the region for a generation.

Climate Change: Our Most Immediate Threat

For the Pacific, climate change is not a long-term projection; it is a present-day emergency. Rising sea levels are eroding coastlines. Intensifying storms are destroying

infrastructure built over decades. Environmental degradation is undermining the fisheries and agriculture that communities depend on for food and income.

The financial toll is severe. Natural disasters cost the region an average of 2 percent of GDP every year, and individual events have caused losses exceeding 30 percent of GDP in countries like Tonga and Samoa. A 2026 IMF Working Paper on Pacific climate finance makes clear that our governments lack the fiscal and technical resources to absorb and recover from shocks of this scale without meaningful external support.

We welcome the World Bank's Pacific Climate Resilient Transport Program as a concrete example of aligned investment. We recognize the IMF's Resilience and Sustainability Facility (RSF) as an important step forward, and welcome Papua New Guinea's RSF arrangement, approved in December 2024, as an encouraging example for the region. We call on the IMF to ensure that RSF access is practically attainable for all eligible Pacific members, including by revisiting the concurrent program requirement and reducing procedural complexity that places smaller island administrations at a disadvantage. We further urge both institutions to support the operationalization of the Small Island States Resilience Initiative (SISRI), a mechanism that can simplify climate finance access and reduce the administrative burden on our already stretched governments.

We also welcome the World Bank's Catastrophe Deferred Drawdown Option (Cat DDO) and the Rapid Response Option (RRO) as important instruments that provide immediate liquidity to governments in the aftermath of natural disasters. These tools are especially relevant for Pacific nations, where the gap between disaster impact and financing response can be devastating, and we encourage their expanded use and awareness across our region.

Investment in early warning systems, renewable energy, climate-resilient infrastructure, and risk analytics must be scaled up significantly and sustained over the long term.

Fiscal Health and Economic Resilience

Repeated external shocks, from the pandemic to natural disasters, to global inflation and the ongoing Middle East conflict, have steadily eroded the fiscal buffers that Pacific governments worked hard to build. Regional inflation, which peaked sharply in the post-pandemic period, moderated to a median of around 4 percent in 2024 and eased further to 3.4 percent in 2025, though it is projected to rise again to 4.5 percent in 2026. Joint IMF and World Bank Debt Sustainability Analyses have flagged high debt distress risks in Kiribati, Tonga, and Vanuatu, with Vanuatu still recovering from a severe earthquake in December 2024.

A particularly acute and underappreciated dimension of this vulnerability is our dependence on imported diesel. Oil accounts for approximately 80 percent of the Pacific's total energy supply, reaching near-total dependence in nations such as the

Federated States of Micronesia and the Marshall Islands. Pacific households and businesses already pay some of the world's highest electricity prices, averaging US$0.47 per kilowatt-hour, nearly three times the global average. When Middle East conflict disruptions pushed Singapore Gasoil, the regional benchmark for refined fuel, past US$180 per barrel in early 2026, the consequences were immediate and severe: higher electricity bills, more expensive food and basic goods, rising transport costs, and mounting fiscal pressure on governments that spend between 5 and 15 percent of GDP on fuel imports. Tuvalu and the Marshall Islands have declared energy emergencies. This is not an abstract risk; it is a present and escalating crisis that strikes at the heart of our economic stability. We call on both institutions to prioritize support for the Pacific's transition to renewable energy as an urgent economic resilience imperative, not merely an environmental one.

Strong public financial management is not a technical necessity; it is the foundation on which resilience is built. We appreciate the focus both institutions place on this area and ask that it continue, alongside meaningful support for rebuilding fiscal reserves and strengthening social safety nets.

We also commend the strong start to IDA21 and new six-year Regional Partnership Framework (FY2026–FY2031) for the nine Pacific Island countries. These are exactly the kinds of long-term, structured commitments our governments need to plan and invest with confidence. We urge the World Bank Group to increase commitments to Pacific Island countries during the second half of the IDA21 cycle.

The Blue Economy: Our Ocean, Our Future

The Pacific Ocean is our nations' most valuable inheritance, and thus our greatest shared economic asset. An IMF Working Paper published in December 2024, Size and Resilience of the Blue Economy in Pacific Island Economies, confirms that ocean-related sectors including fisheries, marine tourism, coastal services, and seabed resources generate a significant share of our national incomes, while also being acutely vulnerable to climate change and environmental degradation.

To provide important context: the Blue Economy is a central pillar of the 2050 Strategy for the Blue Pacific Continent, the overarching regional vision endorsed and reaffirmed by the Pacific Islands Forum (PIF). This strategy defines our collective aspiration for a prosperous, peaceful, and resilient Pacific, and places sustainable ocean management at its core. When we speak of the Blue Economy, we speak of a framework our nations have already committed to and are actively advancing.

We call on the World Bank and IMF to embed blue economy priorities into their Pacific engagement, specifically through support for sustainable fisheries governance, marine biodiversity protection, ocean data systems, and climate-resilient coastal infrastructure. We note with appreciation that the World Bank's Pacific Regional Oceanscape Program (PROP) and the PROBLUE multi-donor trust fund remain active instruments of

engagement in the Pacific. These programs represent exactly the kind of sustained, ocean-focused investment our region needs, and we encourage their continued resourcing and expansion to address the region's still-significant blue economy financing gaps.

The ocean is not one sector among many for us. It is the platform on which all other development rests, and it deserves to be treated as such in both financing frameworks and policy dialogue.

Connectivity and Digital Infrastructure

In a region defined by vast distances between small islands, connectivity is not a convenience; it is a development prerequisite. Maritime and inter-island transport must be formally recognized as climate-resilient infrastructure and funded accordingly. The high cost of sea and air freight continues to suppress trade, limit tourism, and raise the price of basic goods for ordinary families.

Digital connectivity is closing some of these gaps. The World Bank-supported expansion of submarine fiber optic cables across the Pacific has already reduced internet costs and opened new economic opportunities. We ask that this momentum be sustained, with investment extending to the regulatory and institutional frameworks that allow digital finance to function safely and equitably.

The IMF's 2024 paper, Rise of Digital Money: Implications for Pacific Island Countries, shows that digital financial services have real potential to expand financial inclusion, cut remittance costs, and improve economic connectivity across our islands. We urge a coordinated regional approach that captures these gains while managing the risks responsibly.

Financial Sector Stability and Correspondent Banking

One of the most underappreciated threats to Pacific economic stability is the ongoing collapse of Correspondent Banking Relationships (CBRs). Since 2011, our region has lost 60 percent of these relationships, the very banking links that enable international payments, trade finance, aid transfers, and disaster response. For several of our member nations, the risk of full financial isolation is no longer hypothetical.

We welcome the US$77 million Pacific Strengthening Correspondent Banking Relationships Project, which now covers eight participating Pacific countries following the Solomon Islands' accession and an additional US$9 million in financing approved in May 2025. The project became effective in April 2025, but we note with concern that implementation remains in its early stages: the first stage of the project is still in a critical rollout phase. The urgency of the CBR crisis demands that implementation be accelerated. We urge both institutions and development partners to remove obstacles to delivery and ensure the proposed feasibility study for a Pacific Payments Mechanism is completed without further delay. We further call on the World Bank to reconsider the

trigger conditions to access the CBR Service Provider component of this project, to be streamlined to that of the last CBR at institutional level rather than for the country, in light of recent developments and given the context and financial structure in the Pacific region.

We also call on the IMF to provide targeted technical assistance on financial regulation and anti-money-laundering standards that are proportionate to the scale and capacity of small island financial systems, rather than one-size-fits-all frameworks that inadvertently accelerate de-risking.

Remittances remain a vital source of household income across the Pacific, sustaining families, funding education, and supporting small businesses. Both institutions should actively support efforts to reduce remittance transfer costs, encourage the use of formal channels, and expand access to digital payment infrastructure.

People, Skills, and Labor Mobility

Our people are the Pacific's most valuable resource. With more than half the regional population under the age of 24, creating quality jobs at the pace our demographics demand is one of the defining challenges of this generation. Labor mobility programs with Australia and New Zealand have become a meaningful development pathway, generating income and transferring skills back to home communities.

However, the IMF's September 2026 Working Paper on Emigration, Human Capital, and Growth in Pacific Island Countries cautions that outward mobility must be paired with domestic investment in education, skills training, and local job creation, to prevent the hollowing out of the workforce that stays behind. We ask both institutions to support Pacific governments in building these complementary systems.

Closing the gender gap is equally central to our development ambitions. The World Bank's June 2025 Pacific Economic Update, Employ Women, Empower the Pacific, makes a compelling economic case for expanding women's participation in the labor force. IMF research on gender budgeting in the Pacific further highlights the gap between policy commitments and fiscal action. We call on both institutions to prioritize gender-responsive investment and help governments implement budgeting tools that turn intent into measurable outcomes.

Investment in health, education, and social protection must underpin all of this. These are not peripheral services; they are the foundations of a productive workforce and a cohesive society.

A Framework That Works for Small Island Developing States

The World Bank's Small States Strategy, published in early 2026, offers a promising framework built on selectivity, differentiation, and efficiency. Its Lighthouse Initiatives, covering health, energy, connectivity, resilient infrastructure, fiscal sustainability, and

small enterprise support, reflect a real understanding of what our nations need. We welcome the approach, which must be operationalized through IDA, including as the negotiations for IDA22 begins, and we look forward to seeing it translate into tangible results on the ground.

However, the right framework means little without the right access. We renew our call on the World Bank to adopt an approach consistent with that of the Asian Development Bank, granting concessional financing to highly vulnerable small island nations like Palau and Naoero regardless of their per capita income classification. Per capita income does not capture climate exposure, geographic remoteness, structural economic fragility, or the absence of economies of scale. Vulnerability must be the determining criterion for access.

We make the same appeal to the IMF: ensure that the Resilience and Sustainability Facility and other technical assistance instruments are genuinely accessible to governments with limited administrative capacity. Procedural complexity must not become a barrier that compounds the disadvantages our nations already face.

Conclusion

The Pacific arrives at this forum not to describe a crisis, but to propose a path forward, grounded in evidence, shaped by experience, and driven by a commitment to our people's futures. Across climate resilience, fiscal sustainability, ocean governance, human capital, digital infrastructure, financial access, and small state policy, the same principle holds: solutions must be designed for our context, not retrofitted from elsewhere.

The momentum is beginning to build. Record World Bank commitments to small states, a new six-year Regional Partnership Framework, an expanding Resilience and Sustainability Facility, and a Small States Strategy that speaks to our realities are encouraging signals. But signals must become sustained action. The data on slowing growth, rising debt vulnerabilities, and intensifying climate shocks leaves no room for delay.

Working together under the banner of the Blue Pacific Continent, our nations are already deepening regional cooperation, aligning labor mobility frameworks, harmonizing legislation, coordinating ocean governance, and strengthening collective responses to transnational challenges. We are not waiting. We are acting. And we are asking the World Bank and the IMF to act with us, with the ambition, resources, and long-term commitment this moment demands.

The Pacific is small in geography but carries a responsibility far beyond its size, to its people, to their ocean, and to the world. With the right partnerships in place, the story we tell from here is one of transformation. We are ready. We ask that the world stand with us.