



**ANNUAL
MEETINGS**
2021 | WASHINGTON DC
WORLD BANK GROUP
INTERNATIONAL MONETARY FUND

Governor's Statement No. 6

October 14, 2021

Statement by the Hon. **EUGENE AMOR**,
Governor of the World Bank and the IMF for the **FEDERATED STATES OF MICRONESIA**,
on Behalf of the Federated States of Micronesia, Kiribati, Marshall Islands, Nauru,
Palau, Samoa, Tuvalu, and Vanuatu

Statement by the Hon. Eugene Amor,
Governor of the Bank and the IMF for the Federated States of Micronesia,
on Behalf of Kiribati, Marshall Islands, Nauru, Palau, Samoa, Solomon Islands, Tuvalu, and
Vanuatu

Mr. Chairman, Fellow Governors, Ladies and Gentlemen.

On behalf of the Pacific countries of Kiribati, Marshall Islands, Nauru, Palau, Samoa, Solomon Islands, Tuvalu, and Vanuatu – and my own country, the Federated States of Micronesia – it is an honor to deliver this 2021 Pacific Statement to the Annual Meetings of the Boards of Governors.

It is the second time the Forum has been conducted in a virtual format, and I want to thank the World Bank Group and the IMF for their efforts to organize this, despite the logistical challenges presented by COVID-19.

Impact of COVID-19

I want to start by talking about the impact of COVID in the Pacific.

Preventing and minimizing exposure to the virus has been quite manageable for most Pacific countries. We are very remote, and there are no land borders.

However, shutting down those borders and restricting travel has profoundly affected Pacific economies and Pacific societies.

Actions that were necessary to protect our people have, at the same time, almost destroyed tourism, which is such an important industry for many countries in the region. The loss of tourism jobs has pushed many people into poverty.

In addition, the recruitment of seafarers and seasonal workers ground almost to a halt, interrupting the remittances many families relied on.

Transportation disruptions have restricted exports and incoming essential commodities and inflated the cost of living. Shortages of medical supplies, for example, are a threat to the wellbeing of Pacific peoples.

Day-to-day government operations have been affected by reduced mobility. Budget deficits have increased as governments scale up expenditure but see declining revenues. Important infrastructure projects have been suspended, delaying their anticipated benefits.

Budget deficits, and a sluggish economic outlook, mean that vaccinating our combined 1.5 million citizens against the virus is very much a distant prospect without external support.

The social effects of the COVID-19 response are as profound as the economic effects.

Prolonged mask-wearing, social distancing, reduced freedom of mobility, and a perception of being isolated and neglected, means that many people in the Pacific are overwhelmed. Others remain frustrated and irritated. Thinking about my own country, we have nationals stranded overseas, away from their loved ones, for prolonged periods with no end in sight.

This is a difficult situation. Yet, despite the gloomy context, Pacific members appreciate the timely assistance they have received from the Bank's Fast-Track Facility, which has been effective in addressing many of the problems thrown up by the pandemic. We have greatly benefited from the Facility's financial and technical resources and the IDA19 pipeline. We also acknowledge the Bank's \$12 billion financial COVID response and the additional \$8 billion recently allocated for low- to middle-income countries.

Pacific countries ask the Bank to continue these programs. We also ask it to strengthen implementation through closer engagement with recipient governments to boost recovery and realize the Bank's policy of 'Build Back Better.'

We fear that more serious psychological issues may emerge among our nationals if the pandemic persists for much longer. In this regard, we would also like to see increased financial assistance, policy and technical advice from the Bank and IMF, and collaboration with relevant UN agencies in managing these issues.

Despite these challenges, the Pacific sees opportunities from innovative fisheries, clean energy, and the digital economy. It is time we tapped into the Blue-Green Economy and Digital Financial Services initiatives. Clean energy and innovative fisheries could not be more relevant given our geographic locations and large economic zones. Therefore, we will look to support from the Bank and IMF to participate in and benefit from these initiatives.

Moreover, Pacific countries will need greater support from the Bank to mobilize private capital and finance. We hope that in FY22, there will be greater opportunities to benefit from the innovative IFC and MIGA products that build quality infrastructure, create markets, and promote investments in climate change adaptation and other critical areas.

Vaccination

Vaccination against COVID is an issue for the whole world, not just an issue for individual countries.

We thank the Bank for committing \$1.13 billion for increased access to COVID vaccines in the Asia-Pacific region. As I said earlier, Pacific countries do not have the resources to do this on their own.

Good progress on vaccination is being seen across most of the Pacific, although delivery continues to be lagging and has caused inequitable distribution. Vaccine hesitancy – due, in

part, to denial, religious beliefs, and fear – remains present and must be overcome. We need better strategies and support to effectively tailor communications on the safety and efficacy of vaccines for the general public.

We encourage the Bank to continue working with WHO and UN partners to achieve the COVAX Pillar objective of equitable distribution. The effective partnership will prevent duplicated efforts that can lead to gaps in distribution and unnecessary waste.

In addition, the COVAX initiative will succeed only if the recipient countries' health services are strengthened. This again calls for the Bank's more robust support for small states and enhanced cooperation among their development partners.

DSSI & Debt Forgiveness

While COVID has been front of mind over the last year, Pacific countries continue to face many other existing challenges.

One of these is debt sustainability, which is as elusive as it is desirable for most Pacific countries. We have small economies, are vulnerable to natural disasters and climate change. For instance, after natural disasters, we have no choice but to borrow to rebuild our infrastructure and economies. COVID-19 has compounded these issues.

The G20's Debt Service Suspension Initiative is a blessing for eligible countries, as it provides the leverage needed to tackle the damage caused by COVID-19. We applaud the Bank and IMF for their crucial roles in the implementation of this initiative and for extending it to the end of 2021.

Given the unpredictable path of the pandemic, we wonder if the moratorium could be further extended into FY22. We would also like to see the Bank and other MDBs considering the option of debt forgiveness and debt swaps for climate change and environmental protection initiatives.

Climate Change

Climate change remains an existential threat for Pacific countries. Low-lying islands with a limited landmass face the increasing frequency and intensity of tropical storms, as well as rising sea levels.

The impact of climate change is unequal. Women and people with disabilities bear the brunt of this impact due to insufficient social safety nets. The COVID crisis has diverted attention and resources away from addressing climate change, but climate change has not gone away.

The Bank provides financial and technical support for climate action. We urge the Bank to improve access for its Pacific members so that no country is left behind.

IDA19

The \$82 billion financing and policy package of IDA19 is a historical milestone and a welcome development. It is particularly beneficial to IDA member countries. However, it does not deliver as much to IBRD members with creditworthiness issues, and we ask the Bank to address this problem to ensure the Facility is accessible to all.

Human Capital

Human capital is the most critical asset of any country. We are grateful to the Bank for adding Pacific members to its Human Capital Index. This index will be a valuable source of information on human capital development by providing baseline figures before the COVID crisis and tracking each country's progress into the future. Accuracy is critical, and the Bank should work closely with member countries to get the data correctly the first time.

Given the immeasurable value of our people, we encourage the Bank to assist our member countries through its resources and knowledge to support our schools in implementing e-learning strategies, including online resources and printed materials for the most vulnerable.

This includes empowering women and people with disabilities to ensure they can participate actively in developing their communities and countries. We can only sustain our economic growth and reduce poverty if our population is healthy and well educated.

Closing

I want to end my remarks by acknowledging the Boards, management, and staff of the World Bank Group and IMF for their dedication to these global institutions' critical work to support member states.

Pacific countries look forward to a continued partnership as we strive for the prosperity of the people, we are all here to serve.

Thank you, and God bless.