

**STATEMENT OF PACIFIC COUNTRIES ON THE NEED FOR A
ROBUST OUTCOME OF THE TWENTY-FIRST REPLENISHMENT OF
INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA21)**

5 September 2024

Following the Meeting between Leaders of Governments of Pacific Island Countries that are members and recipients of financing from the World Bank Group and the International Development Association, and the World Bank Group President, Mr. Ajay Banga, the following views were endorsed by the countries in support of a robust Twenty-First (21st) Replenishment of the Resources of the International Development Association (IDA21).

- 1. We extend our appreciation to Forum Chair, Honourable Hu'akavemeiliku, Prime Minister of Tonga, and Mr Baron Waqa, Secretary General of the Pacific Islands Forum** for initiating and hosting this important meeting to champion the International Development Association (IDA21) replenishment and convey the priorities of the region.
- 2. We, the Pacific leaders and representatives of Fiji, Federated States of Micronesia, Kiribati, Nauru, Papua New Guinea, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu met with the World Bank Group (WBG) President, Mr. Ajay Banga** to discuss opportunities and options to ensure that the development priorities outlined in the Pacific Islands Forum's 2050 Strategy for the Blue Pacific Continent (2050 Strategy) would make effective use of World Bank Group financing, especially from its IDA concessional arm. These priorities are further articulated in **Annex 1** as Joint Actions.
3. Pacific Island Leaders welcomed the World Bank President's priorities which are well aligned with the Forum priorities as stated in the 2050 Strategy. These include: (i) speed and efficiency in accessing, preparing and approving development financing and projects; (ii) liveable planet with a focus on creating jobs for women and youth; and (iii) partnering with the private sector to mobilize greater financing for development projects. The World Bank emphasised the importance of scale in realising the priorities of the region such as the Pacific Strengthening Correspondent Banking Relationship Project to be implemented by the Pacific Islands Forum Secretariat.
- 4. Pacific leaders affirmed their commitment to deepening the existing partnership between the Pacific Islands Forum and the World Bank**, in particular to address the unique development priorities and challenges faced by the Pacific Island countries, as articulated in the 2050 Strategy.
- 5. IDA has been a key and dependable development partner for the Pacific. A robust replenishment of IDA21 is vital to addressing the unique challenges of the Pacific.** Pacific island countries face challenges that at times far exceeds their capacity to manage alone, such as sea level rise that threatens Pacific communities, especially in low-lying nations; as well as the increasing frequency and intensity of natural disasters that damages infrastructure and

routinely sets back economic growth. Annualized expected losses from natural disasters are around 2-3 percent of GDP for Pacific Island countries but can amount to the equivalent of 10-30 percent of a country's annual GDP in extreme cases. The struggle of youth in the Pacific from the lack of opportunity and high unemployment are driving out-migration. IDA, as an extraordinary global partnership with a unique country-driven model, is well placed to address Pacific needs and assist in meeting the Forum Leaders' vision outlined in the 2050 Strategy. The proposed IDA21 policy package and the renewed focus on climate adaptation, connectivity, human capital development, and jobs fully align with the development priorities of our region.

6. Pacific Leaders emphasized the importance of regional collaboration through the Regional Collective Actions identified in the 2050 Strategy Implementation Plan and the forthcoming Pacific Roadmap for Economic Development (PRED) to address the region's shared challenges especially for the Small Island Developing States.
7. **IDA has a strong record of achievement and impact on the ground globally including in the Pacific.** IDA has been critical to making Pacific countries more climate resilient, including schools, health facilities and transport infrastructure to enhance connectivity. IDA's support has been instrumental in constructing climate-resilient infrastructure, providing disaster relief, and improving access to education and healthcare, as well as securing banking and financial ecosystem through the Correspondent Banking Relationships project. With air transport key to Pacific connectivity, IDA has helped transform the region's aviation infrastructure, management, and operations, and has and continues to be a force for digital transformation of the Pacific. On jobs and gender equality, IDA has supported training and employment opportunities across several Pacific Island countries, reaching women, men and youth. IDA also maintains critical and fast-disbursing contingent financing to meet disaster preparedness, response and reconstruction needs for seven of the most disaster-prone Pacific countries. Furthermore, the WBG has recently innovated to allow flexibility to shift resources within a country's project portfolios, for example, the Rapid Response Option (RRO) or defer debt service to the WBG to create fiscal space to respond to emergencies (Climate Resilient Debt Clause (CRDC)).
8. **Pacific leaders welcome the ongoing efforts to simplify IDA21's architecture to help client countries deliver faster results.** Pacific Leaders also support its greater focus on outcomes and impact.
9. **A robust IDA21 replenishment will help the Pacific region build the resilience of the people and economies of Pacific Island countries.** It will invest in human capital, particularly of the youth, improve Pacific economies by investing in reforms and easing trade barriers and costs, generating jobs, which in turn will allow youth to remain in their home countries. IDA can also assist Pacific Island Countries in dealing more quickly with disasters, investing in resilience for government systems, businesses, and communities, and scaling up climate adaptation projects. Pacific leaders call for increased collaboration between IDA and other international organizations to maximize collective impact, particularly in areas such as climate finance and disaster risk reduction. Pacific Leaders hope for a more robust IDA that could also co-finance community-level projects that are expected to be supported through the Pacific-owned Pacific Resilience Facility. A robust IDA replenishment must prioritize climate finance

to support the Pacific region's adaptation and mitigation efforts. Pacific Leaders strongly urged the World Bank and all development partners to utilize and integrate the multidimensional vulnerability index, adopted at the 78th session of the United Nations General Assembly, into the eligibility criteria when considering funding for climate-related projects in the region.

10. **Understanding many IDA partners/donors face headwinds given global conditions, Pacific Leaders invite IDA partners/donors to a stronger partnership through a robust replenishment for IDA21 to help address global challenges that impact already vulnerable Pacific Island countries.** In determining the size of the IDA21 replenishment, Pacific Leaders align themselves with the call by the Africa Heads of State Summit held in Nairobi in April 2024 to consider the elevated levels of inflation of the past few years, and the need for predictable increases in real financial support to IDA countries to meet current and future needs. Given the economic challenges faced by many Pacific Island countries, Pacific leaders call for consideration of debt relief or restructuring options to provide fiscal space for development and climate actions. Pacific Leaders strongly urge donors to support greater regional economic cooperation and integration through the forthcoming PRED to address shared developmental challenges of the Pacific region.
11. Pacific Leaders look forward to a continued and meaningful partnerships with Donor IDA partners and welcome the President's interest to participate at the 54th Pacific Islands Forum Leaders Meeting.

ADOPTED by Pacific Heads of Government named below on 5 September 2024 at the Pacific Islands Forum Secretariat in Suva, Fiji.

Annex 1: Joint Actions

- i. Regional Trade Facilitation:** Regional Trade Facilitation Initiative: Leaders requested the World Bank’s support in implementing the Pacific Regional Trade Facilitation (PRTF) Strategy, and in establishing, sustaining and supporting the Pacific Islands Forum Secretariat’s Pacific Trade Facilitation Unit and its activities. Furthermore, Leaders acknowledged the significant Aid for Trade challenges in the region and committed to explore innovative approaches to addressing the high cost of maritime and air transport in the Pacific.
- ii. Climate Change and Resilience:** Recognising the urgent and existential threat posed by climate change and sea level rise to the Pacific region, the World Bank reaffirms its commitment to enhancing support for climate mitigation and adaptation efforts. This commitment recognises the vulnerability of Pacific Island Countries including the need to simplify access to climate finance, scale up funding for climate-resilient infrastructure, disaster risk management, and renewable energy initiatives across the Pacific Islands. Furthermore, the World Bank supports ongoing efforts to leverage regional and national mechanisms to access Loss and Damage financing, ensuring that resources are effectively mobilised to address the impacts of climate change on local communities across the Pacific, recognizing the special needs of Smaller Island States (SIS) given their specific needs, special challenges and vulnerabilities.
- iii. Economic Development and Recovery:** The meeting highlighted the importance of regional economic cooperation and integration, economic diversification and recovery, especially in the context of ongoing global challenges. Leaders reaffirmed the important role of fisheries in the region and called on the World Bank to support the implementation of the East New Britain Initiative (ENBi) to increase economic returns from fisheries resources.
- iv. Sustainable Finance and Debt Sustainability:** The discussions included a focus on sustainable finance and debt management, with the World Bank offering technical assistance to help Pacific Island countries manage their debt sustainably, noting that several Pacific countries face high risk of debt distress, while at the same time, need access to finance for development projects.
- v. Correspondent Banking Relationships (CBR):** Leaders welcomed and supported the World Bank-led Pacific Strengthening CBR Project that aims to address the challenges of de-risking and de-banking in the Pacific. Leaders commended the work of the Pacific Islands Forum Secretariat in establishing the project management unit and encouraged other development partners to provide additional funding support to the project.