

Small States Forum 2006
Opening Remarks
Graeme Wheeler, Managing Director, World Bank
(Draft)

First, let me say that I am delighted that once again the Small States Forum has drawn such an impressive response from member states. I take this as a sign both of the strong sense of ownership among small states themselves and of your determination to see that your concerns are understood and addressed by the development community in general and by the World Bank in particular. Before I speak further to that point, let me just add that Mr. Wolfowitz regrets that his presence at the Development Committee precludes his attendance here today, but he asked me to say that he has by no means forgotten his remarks at last year's Forum, to the effect that he was committed to continuing and to strengthening the Bank's support for the Forum and for small states.

In line with that, let me reaffirm the Bank's commitment to the Small States Forum. We see the Forum as corporate commitment and we are continually looking for ways to make it a more effective enterprise for our small state members—and to that end, I encourage everyone here to forward your ideas and interests.

Of course, as a Managing Director of Operations at the Bank I am well aware that our small states responsibilities extend far beyond the Forum itself. While recognizing that more remains to be done, I would note that Bank support for small states in the years since the Commonwealth/World Bank Joint Task Force on Small States presented its final report to the Development Committee in April 2000 has increased significantly. Let me quickly mention three points:

- Comparing 1999-2001 and 2002-2005, for example, average annual Bank disbursements to small states have risen by just under 30 percent (and the share of disbursements on concessional IDA terms has grown significantly, from 35 percent in 1999-2001, for example, to 54 percent in 2002-04).
- Comparing fiscal years 2001 and 2005, the number of World Bank diagnostic reports for small states has more than doubled, as has the delivery of technical assistance. Moreover, Bank instruments are increasingly being customized to address small states needs, as Prime Minister Douglas of St. Kitts & Nevis pointed out during the 2005 Small States Forum he chaired. To take one quick example: within diagnostic work with small states, the number of “advisory” work (i.e., work that is specifically customized, usually to a sector that, in the shared view of the country and the Bank team, offers the greatest potential for investment and growth) more than doubled between FY05 and FY06.
- And coverage in the Doing Business report has expanded from 19 small states in 2006 to 39 in 2007. Let me add that this expanded breadth is a function of a developed small state—Iceland—stepping forth with financial support.

However, as I said, we are well aware that we can do better still. To that end, I'm pleased to note that later today the Forum will consider adopting the proposal that Malta introduced at the 2005 Small States Forum for the formation of a Small States Network for Economic Development. As an *additional* element to its ongoing country-level work,

the World Bank has been actively following up on Malta's proposal and has agreed to support the Network with a dedicated staff person and by helping to establish a multidonor trust fund to finance the Network's activities. We applaud the fact that Malta, as a developed small state, has stepped forward with an offer to host the Network's secretariat. We encourage you to take steps to ensure that the Network responds to *your* needs and that it functions as a demand-driven rather than supply-driven organization. Moreover, as always, we remain open for other ideas and other ways to better serve our small states members—I'm here less to identify specific ideas for further support than I am to reaffirm our continued corporate and operations engagement across the full range of the small states agenda.

In conclusion, let me note the appropriateness of the Forum being held in a small state, Singapore—unless I'm much mistaken (or have been incredibly poorly briefed) this is the first time the Forum has met in a small state. Of course, every country is *sui generis*, but Singapore underscores the fact that despite the shared constraints imposed by smallness, small countries can surmount their challenges. And we in the World Bank, along with our partner development institutions I see gathered here today, remain committed to supporting your efforts to do so. Finally, let me express my best wishes to all the Forum participants and my confidence that your deliberations today will be productive.