OFFICE STAFF CHANGE

Mr. Jason Allford (Australia) was elected by all our constituency member countries as the new Executive Director (ED) who will represent our constituency at the World Bank Group’s Board of Executive Directors. He succeeded Mr. Heenam Choi (South Korea), whose term as ED ended on October 31, 2016.

We welcomed Mr. Hoe Jeong Kim (South Korea) as Alternate ED, who replaced Mr. Jason Allford from Australia, Mr. Eriati Manaima (Kiribati) as Senior Advisor to the ED, Mr. Rhinehart Silas (Palau) as Advisor to the ED, Ms. Jessica Hoverman (Australia) as Advisor to the ED (Temporary) and Ms. Napae Hurim (Papua New Guinea) as Advisor to the ED.

We also bid farewell to Senior Advisor Ms. Rose Nakanaga (Federated States of Micronesia), Advisor Mr. Elliot Ali (Kiribati), Advisor Mark Tattersall (Australia) and Advisor Phiyorin Tep (Cambodia). We thanked them for their contributions and wished them well in their next assignments.
Office Travels

Mr. Jason Allford (Executive Director) travelled to Federated States of Micronesia (FMS) and Republic of Marshall Islands (RMI) for constituency consultation (March 1-11, 2017). Mr. Allford also joined EDs’ Group Travel to Serbia, Kosovo and Albania (March 25-April 2, 2017).

Mr. Bevan Thompson Lye (Sr. Advisor) travelled to New Zealand for constituency consultation (February 24-March 5, 2017).

Mr. Mark Tattersall (Advisor) travelled to Australia for constituency consultation (November 4-11, 2016). Mr. Tattersall also travelled to Yogyakarta, Indonesia to attend the 4th IDA18 meeting (December 14-15, 2016).

Mr. Kyung Yun Yeom (Advisor) travelled to Korea for constituency consultation (November 11-20, 2016).

Mr. Charles Paul (Advisor) travelled to Federated States of Micronesia (FMS) and Republic of Marshall Islands (RMI) for constituency consultation (March 1-14, 2017).
Senior Staff Appointments

Ferid Belhaj, Chief of Staff, Office of the President

A Tunisian national, joined the Bank in 1996, working on the Middle East and North Africa, East Asia and South Asia departments of the Legal Vice Presidency. He is currently the Country Director for the Middle East covering Lebanon, Syria, Jordan, Iraq, and Iran, a position he has held since September 2012. In this role, Mr. Belhaj provided overall strategic leadership for the Bank’s programs in line with the MNA Region’s emphasis on jobs, sustainable growth, inclusion and governance. In particular, he led the Bank’s innovative engagements in Lebanon and Jordan, addressing the impact of the Syria crisis on the region and the refugee issues. He also championed the Iraq reform and recovery program.

Mr. Belhaj brings strong corporate and operational experience to the job. He worked in both Washington and country offices in various leadership positions. After a successful career in the legal department, he served as the Country Manager for Morocco, and then following three years as Special Representative to the United Nations, he served as Country Director for the Pacific Region before becoming the Country Director for the Middle East Department, based in Lebanon.

In his new position Mr. Belhaj’s top priorities will be: (i) to oversee and coordinate input, analysis, and recommendations on matters brought to the Office of the President; (ii) to secure the fluid flow of information between the Office of the President and the offices of the CEO, the MDs and the various Group Vice Presidencies; (iii) to ensure appropriate follow through on actions, decisions and commitments made by the President; and (iv) to manage the staff of EXC and handle all administrative matters of the unit. His appointment is effective April 7, 2017.

Kristalina Georgieva, Chief Executive Officer IBRD/IDA

A Bulgarian national, is known to many within the World Bank Group community from her almost two decades at the institution, where she held multiple positions focused on sustainable development and economics and served as Director and Resident Representative, Russian Federation and most recently as Vice President and Corporate Secretary. Deeply knowledgeable in international development and finance, she established a well-deserved reputation during her time at the Bank for her ability to build broad consensus and turn strategies into practice.

Ms. Georgieva is widely respected for her efforts to mobilize the international community to find innovative solutions to today’s complex challenges. As the co-chair of the United Nations Secretary-General's High Level Panel on Humanitarian Financing, she pressed for and secured the adoption of a much more effective system to meet the needs of record numbers of vulnerable people.

In her new role, coming as our institution strives to improve the flow of knowledge and increase efficiencies, Ms. Georgieva will provide strong leadership to our staff around the world working on a wide range of issues of importance to our client countries. As Chief Executive Officer of IBRD/IDA, Ms. Georgieva will also build support across the international community to help us mobilize resources and develop more effective solutions for the poor at the scale required. Alongside Philippe Le Houereau, CEO of IFC, and Keiko Honda, CEO of MIGA, together with Joaquim Levy, MDCFO, and Shaolin Yang, MDCAO, Ms. Georgieva will support the office of the President as a key member of the Senior Management Team in leading the institution as it continuously evolves to meet the needs of our partner countries. Her appointment is effective January 2, 2017.
Senior Staff Appointments

Samir Suleymanov, Head of Strategic Initiatives Unit in the office of Chief Executive Officer, IBRD/IDA

Mr. Suleymanov, an Azerbaijani national, joined the Bank Group in 1996 as a Project Analyst in Europe and Central Asia Region. He has since worked on a diverse range of operations and countries and held various positions, including a country assignment with the World Bank office in Russia, and Director for Policy and Operations in the Corporate Secretariat Vice-Presidency. His most recent assignment was Director for Strategy and Operations, Office of WBG MDCAO.

In this new position, Mr. Suleymanov will lead a unit that will leverage intellectual capacity of staff across the World Bank to identify and guide initiatives that are strategic in supporting the role of the WBG in new directions of development; define and help adopt measures to make the WB decision-making and processes more agile; and promote innovation and collaboration across units and with key strategic partners. His appointment is effective February 1, 2017.

Axel Peuker, Director, Strategy and Operations (MDCAO)

A German national, joined the Bank in 1989 as a Young Professional. He brings to this position a very diverse experience in Operations including three regions and two networks. He also served as Adviser to Graeme Wheeler in the Office of the Managing Director and as Director of Policy and Operations in the Corporate Secretariat Vice Presidency (SEC). His most recent position was Director for Financial Advisory and Banking in the World Bank Treasury.

In his new position, Mr. Peuker’s top priorities will be: (i) to provide strategic advice and support to the MDCAO and Senior Management in the development of the organization strategy; (ii) to support the identification and development of strategic priorities for the World Bank Group; and (iii) to manage the front office staff and work program. His appointment is effective February 1, 2017.

William Chappell Danvers, Special Representative for North America, Australia, New Zealand and Israel (ECR)

A U.S. national, has over 35 years of experience in the United States government, international organizations and the private sector. He is currently a Senior Fellow at the Center for American Progress and served as the Deputy Secretary General at the OECD prior to that. Bill was previously the Staff Director of the Senate Foreign Relations Committee and has worked as a senior advisor in the Department of State, Defense and the Central Intelligence Agency. He also served as Special Assistant for National Security Affairs in the Clinton White House.

In this new position, Bill’s priorities will be (i) leading the Bank’s External and Corporate Affairs strategy and outreach program for North America, Australia, New Zealand, and Israel; and (ii) managing the day-to-day dialogue on a broad range of policy and implementation issues with U.S. stakeholders, including Congress, (iii) providing advice and guidance to Senior Management on outreach and cooperation with the above countries. His appointment is effective immediately.
Senior Staff Appointments

Antonella Bassani, Vice President, Budget, Performance Review and Strategic Planning

An Italian national, she brings a blend of both operational knowledge and financial expertise from across the institution. With her broad exposure to the organization, she will continue to consolidate our financial sustainability, ensure effective alignment of budget with business needs and enhance support to our programs.

Antonella joined the Bank as Young Professional in 1993 and has had a rich and diverse career in a number of operational and corporate positions. Prior to assuming her current role, Antonella was the Director, Strategic and Operations for the East Asia and Pacific Region, and prior to that she was Director, Resource Mobilization, where she played a leading role in the highly successful IDA16 and IDA17 Replenishments. Her operational experience includes roles in AFR, EAP, LCR and MNA regions. She also served as Adviser to the Managing Director during Jim Wolfensohn’s tenure.

Antonella attained her Masters in International Economics/African Studies and a Doctorate in International Economics from John Hopkins University. Her appointment is effective December 1, 2016.

Alejandro Cedeno, Manager for Communications in the East Asia and Pacific Region (EAP)

A Costa Rican national, joined the World Bank in 2006 as a Communications Officer in the Latin America and Caribbean Region. He has since held various positions, including in the East Asia and Pacific Region. His most recent position is Country Program Coordinator for the Ukraine, Belarus and Moldova Country Unit in the Europe and Central Asia Region.

Mr. Cedeno’s top three priorities will be (i) ensuring that external communications are more strategically and systematically integrated with the Region’s support to client countries; (ii) strengthening support to operational teams in helping clients communicate and build domestic consensus around reforms; and (iii) providing strategic advice to the EAP leadership team on communications, especially on issues with important reputational risks to our work in EAP. His appointment is effective January 1, 2017.

Patricia Veevers-Carter, Country Manager for Papua New Guinea in East Asia and the Pacific Region (EAP)

A Dutch national, joined the WBG in 1997 as a Guarantee Officer in MIGA. She has since held operational and leadership positions in a number of countries and regions in the World Bank Group, her most recent being Country Manager for Tajikistan, based in Dushanbe.

In her new position, Ms. Patricia Veevers-Carter’s top three priorities will be to: (i) lead the development and implementation of the new Country Partnership Framework (CPF) for PNG in close coordination with counterparts; (ii) provide oversight on portfolio, including
Senior Staff Appointments

Trust Fund management and quality issues, working with clients and country team to provide timely and effective implementation support; and (iii) manage the functioning of the country office in Port Moresby, working with GP management to mentor and provide development opportunities for local and international staff. Her appointment is effective April 17, 2017.

Ellen Goldstein, Country Director for Myanmar, Cambodia and Lao PDR in East Asia and Pacific Region (EAP)

A U.S. national, joined the Bank as macroeconomist in the Africa Region in 1985, and became Country Manager in ECA Region in 1996. She has since held a number of leadership positions, her most recent being Country Director for the South East Europe Country Department of the ECA Region.

In her new position, Ms. Goldstein’s top three priorities will be to: (i) achieve sustained improvements in portfolio implementation focusing on strengthening client capacity; (ii) work effectively across the WBG to implement the IDA18 scale up while making progress on other EAP regional priorities notably nutrition and climate change; (iii) work closely with GP management to provide mentoring and development opportunities for staff in the three offices. Her appointment will be effective July 1, 2017.

Gevorg Sargsyan, Portfolio and Operations for the Southeast Asia CMU (Brunei, Cambodia, Lao PDR, Malaysia, Myanmar and Thailand, in the East and Pacific Region

An American national, joined the Bank in 2000 as an Operations Officer in Infrastructure and Energy Services Department based in the Armenia country office. He has since held various positions working across GPs and Regions. His most recent assignment being Program Manager for Climate Finance and Global Lead of Clean Energy at the Energy and Extractive GP.

In this new position Mr. Sargsyan’s top three priorities will be: (i) ensuring high quality implementation, rapid disbursements, and high development impact of the rapidly growing portfolio in Myanmar and across Southeast Asia, (ii) mobilizing and providing strong operational support to teams in the scale-up of IDA financing; and of IBRD RAS-based knowledge services and knowledge sharing; and (iii) leading an integrated operations team, working effectively across the Southeast Asia country units, Global Practice Groups, and the World Bank Group. His appointment is effective April 24, 2017.
Senior Staff Appointments

Mohamed Gouled, Vice President, Risk and Financial Sustainability, IFC-CRFVP

A Djiboutian national, has been IFC Director of the Special Operations Department since December 2013.

Mr. Gouled brings a diverse and sustained investment, treasury and risk management track record. He also has strong people management skills, for which he was recognized with the Staff Association’s “Good Manager” award in 2008.

In his new role, Mr. Gouled will focus on three priorities: (i) setting and/or updating the Corporation’s Risk and Financial Sustainability Policies and Frameworks based on International Best Practices and in accordance with the General Guidelines approved by IFC’s Board of Directors, (ii) ensuring the process for Governance and Compliance with these frameworks are operating effectively, and (iii) reporting on a regular basis on the Corporation’s risk parameters and overall financial sustainability outlook to the CEO, the Management team and the Board of Directors. His appointment is effective January 2, 2017.

Hans Peter Lankes, Vice President, Economics and Private Sector Development, IFC-CEDVP

A German national, has been the European Bank for Reconstruction and Development’s Managing Director, Corporate Strategy, since May 2011.

Hans Peter holds a Ph.D. in Public Policy and a M.P.A., from Harvard University, as well as economics degrees from Albert Ludwigs Universitat Freiburg and Universite de Grenoble.

In his new role at IFC, Hans Peter will focus on three priorities: (i) ensuring a consistent focus on development results in IFC’s operations and embedding results management throughout the organization, including in country and sector strategies and in the ex-ante assessment of projects; (ii) providing independent economic analysis and oversight to all of IFC’S operations; and (iii) interfacing with the World Bank, the IMF, and other International Financial Institutions on Private Sector Development Issues. His appointment is effective mid January 2017.
Voice Secondment Program (VSP)

The Voice Secondment Program is a World Bank (Bank) program created by the Executive Directors for enhancing capacities of officials from the Developing and Transition Countries (DTC). The initiative started in 2005 and the main objectives are:

- To help the EDs and Bank’s operational teams in their relations with their constituencies from DTCs;
- To strengthen the ability of the capitals to provide timely and adequate feedback to the EDS and Bank’s operational teams; and
- To increase the knowledge of officials from DTCs on Bank procedures, products and operations.

The program is managed by Program Secretariat (SECVA) in the Corporate Secretariat of the Bank and has a strategy and oversight body, comprising high level staff from amongst Bank management and the offices of Executive Directors.

Call for nominations for the VSP usually happens toward the end of March each year. Invitations are send out to Capitals and by June the selection of successful applicants is finalized and results communicated back to the Capitals.

The successful applicants will commence their six (6) month secondment assignment January the following year where they will be placed in various WB units with a mentor who will be coaching them throughout their tenure. The participants are also given one week to attach with the ED’s office to learn the role of the office in the Bank.

This year 2017 in the 13th cohort, Mrs Letaulomalo Polataivao Malaga from Samoa is our Constituency’s participant and she is assigned to the Center of Expertise Unit of the Bank’s Budget Performance Review and Strategic Planning Division.

In the 12th cohort last year 2016, Mr. Tawaria Komwenga from Kiribati was our Constituency’s participant who was placed at the Bank’s East Asia and Pacific (EAP) unit.
IDA Updates

FINALISATION OF THE IDA18 REPLENISHMENT

The fourth meeting for the eighteenth replenishment of IDA (2017-2020) concluded on December 15, 2016 in Yogyakarta, Indonesia with the largest replenishment in IDA’s 56-year history, a record USD75 billion. This fifty per cent increase on IDA17 (USD52 billion) and was achieved through an innovative financing package that will leverage IDA’s balance sheet to generate market finance, delivering on calls by the G20. The package strongly delivers on Constituency priorities.

The Policy Package

On January 12, 2017 the Executive Directors approved the final IDA18 Replenishment package entitled, IDA18: Towards 2030 Investing in Growth, Resilience and Opportunity. Five “Special Themes” that will guide investment were agreed. Three retained from IDA17 – Gender and Development, Climate Change and FCV - with two new added – Jobs and Economic Transformation, and Governance and Institutions.

The Climate Change commitment will deepen the mainstreaming of climate change and disaster risk management into SCDs, CPFs and lending. It will support the development of planning and investment capacity and support efforts to achieve the Sustainable Energy for All objectives.

The Governance and Institutions theme will work to strengthen domestic resource mobilization; improve public expenditure, financing management and procurement; strengthen active ownership of State-Owned Enterprises; support public administration performance for service delivery; support institutional capacity to respond to pandemics; integrate citizen engagement and beneficiary feedback into service delivery operations; strengthen open transparent and inclusive governance through Open Government Partnership commitments; mitigate illicit financial flows; enhance understanding of governance and institutions in situations of FCV; and operationalize the WDR 2017.

The Jobs and Economic Transformation commitment will support job creation through sustainable economic transformation; raise job quality and ensure the inclusion of youth and women; target support for the private sector and workers in high-risk contexts, including fragility and migration; and improve the knowledge base to inform operations supporting jobs and sustainable economic transformation.

The Fragility, Conflict and Violence theme will deepen IDA’s knowledge of FCV; enable the design of integrated WBG strategies addressing FCV divers and build institutional resilience; improve staffing, operational effectiveness and flexibility and promote partnerships with the UN for a more effective response.
**IDA Updates**

The Gender and Development commitment will sharpen the focus on closing gaps between women and men, girls and boys in country strategies and operations, and strengthen the data and evidence base to enhance impact towards gender equality.

For specific targets please see the Table 1 Monitor able Actions for IDA 18 of the Additional Support IDA Resources: Eighteenth Replenishment Report.

**The Financial Package**

The IDA18 package will deliver an almost quadrupling of minimum allocations to Pacific countries from SDR4 million to SDR15 million. This should raise the volume of Pacific financing from USD350 million in IDA17 to an anticipated USD900 million in IDA18.

There was also a commitment to double resources to fragile and conflict affected countries and a new (USD2.5 billion) mechanism to incentivize private sector involvement in IDA countries through the Bank’s private sector financing arms, that international Finance Cooperation and the Multilateral Investment Guarantee Agency – called the Private Sector Window. Responding to calls from client countries for a more tailored suite of financing options, IDA18 will use leveraged funds to offer non-concessional lending to creditworthy IDA clients to support high impact projects with an ability to mobilize both private and public sector finance and deliver transformational regional value.

The package delivered new, revised and expanded mechanisms to reduce vulnerability and reinforce resilience including: a larger Crisis Response Window (USD2.9 billion); the continuation of the Turn-Around Regime; a new Risk Mitigation Regime to support countries in danger of becoming fragile; opening up Catastrophe Deferred Drawdown Options to IDA clients (CVAT-DDOs are contingent credit lines providing immediate liquidity following natural disasters) and the expansion of the Regional Window (USD7 billion) with a provision for support for refugee hosing IDA countries (USD1.96 billion).

Bolivia, Sri Lanka and Vietnam were congratulated on their graduation from IDA at the end of IDA17 (June 2017). Non-concessional financing equivalent to two thirds of the resources these countries received in IDA17 will be offered graduates for the IDA18 period to ensure their transition from IDA to IBRD is smooth and successful. The accelerated repayment clause has also been temporarily suspended, until the IDA18 mid-term review and a discussion between IDA Deputies and Bank management on a better way to handle graduation and ensure it does not place too great a burden on graduates.

The Bank has recognised that IDA18’s success is dependent upon the provision of sufficient resourcing (staffing, security and back office support) and has committed to an additional 50 professional staff, off a 2016 baseline of 285, to Fragile and Conflict affected States (FCS) by the first quarter of 2018. Its current plan is to reach a target of an additional 150 professional staff in FCS, including the Pacific, by the end of the IDA18 period (i.e.2020).
IDA Updates

The Bank considers this will resource the immediate planning necessary to develop the IDA18 project pipeline and to implement that pipeline while maintaining the rigorous environmental, fiduciary and social impact standards expected.

Key wins for our Constituency

Following strong advocacy IDA management agreed to modify the implementation arrangements around the Crisis Response Window (CRW). The Bank has agreed that they will expedite an update of the country’s Debt Sustainability Analysis in cases where countries are affected by severe natural disasters during the IDA18 period. For those countries exposed to significant damage and losses of over one third of their GDP, the Bank will immediately adjust IDA financing terms in the current financial year. This ensures the findings of the DSA are applied to both the CRW financing and any remaining, as yet unallocated, IDA18 financing. An improvement on previous arrangements where the adjustment on financing terms would happen in the following financial year.

RECENT CHANGES THAT IMPACT ON OUR CONSTITUENCY

Project Preparation Facility

The PPF was established in 1975 and operates as a revolving fund to support the preparation of individual IBRD and IDA financed projects. Advances from the PPF are used to provide technical assistance for successful project design and implementation start-up, institutional strengthening and incremental operating support. Once a project has reached the stage of implementation the funds advanced by the PPF for the design work are reimbursed by the loan/grant agreement.

Advances have always been linked to activities for specific individual operations. However, the nature of the need for PPF support has change significantly since it was established:

- the Bank’s move to work increasingly with fragile and conflict affected states means additional Bank support will be necessary to assist lower capacity borrowers address data constraints, improve fiduciary and monitoring systems and develop project concepts;
- borrowers are increasingly requesting larger, multi-sectoral, and cross-cutting operations which do not fit neatly into the current PPA model; and
- the scale of work required to develop a pipeline of projects in IDA18 cannot be accommodated within the current financing envelope for the PPF.
These changes require a different type of PPF, one that is able to support borrowers to identify and prioritize a pipeline of operations in a sector as well as strengthen the institutions required to implement the operations identified. On January 26, 2017 the Board approved changes to the Project Preparation Facility (PPF) which should enable this to occur. The changes will increase the commitment authority of the PPF from USD290 million to USD750 million. The PPF will also be modified to be programmatic in function, enabling advances to be made before a specific operation is identified. This programmatic approach will provide more flexibility for borrowers to address broader project preparation needs, such as activities that cut across sectors, or build capacity in core fiduciary areas that will benefit future operations. The new PPA can also be used to support the rollout of the Bank’s new procurement framework and the forthcoming environmental and social framework and to provide borrowers with targeted support for the adoption and implementation of these new frameworks. We think this is a good step and these changes should be particularly advantageous to our Constituency.
The Bank in East Asia and the Pacific

On February 7, 2017, the Bank Management provided a regional update on the East Asia and the Pacific.

The Regional Context

EAP has made remarkable progress in reducing poverty, but millions remain at risk of falling back into poverty. EAP has seen the fastest decline in extreme poverty relative to other regions, and the extreme poverty rate is down to less than 3%. Despite progress in sharing prosperity, concerns are growing about high inequality. The bottom 40 percent across most of the region experienced rapid consumption growth in recent years, but inequality remains high across the region. To address the inequality issue, the EAP must overcome human capital challenges to stay competitive and inclusive in the global arena. This means with more automation, middle skilled workers are being pushed out of the work force, so there needs to be investments in skills training for the new economy, promote higher education and innovation, and addressing issues related to stunting and early education critical to foundational skills.

The EAP is also one of the most vulnerable to natural disasters and climate impact. The EAP region contributes to 1/3 of all GHG emissions in the world. With China and Indonesia implementing their Intended Nationally Determined Contributions (INDCs), GHG emissions would fall significantly for the region.

The WBG Approach

The World Bank Group’s approach to the region will fall under the following intervention areas:

- **Private sector-led Growth**: Macroeconomic stability, financial sector, deepening, business climate, infrastructure, skills, cross-border investments, trade, mobilization of private financing, PPPs.
- **Inclusion**: Social protection, financial inclusion, early childhood education & nutrition, gender equality, basic services, fragility and post-conflict development, CDD approaches.
- **Climate Change**: Sustainable energy, green buildings, sustainable cities, disaster risk management (DRM), natural resource management (e.g. forestry), green financing.
- **Governance**: PFM, expenditure management, tax administration, budget transparency, local service delivery, SOE reform.
The Bank in East Asia and the Pacific

Highlights since March 2016

- Major WBG flagships: Healthy China, Vietnam2035, Pacific Possible
- China’s first P4Rs (air pollution) and DPLs (fiscal sustainability)
- First WB co-financing with AIIB (Indonesia Slum Upgrading Project)
- Indonesia’s first P4R (power distribution) involving the first direct lending to an SOE
- Transformational adaptation project in Vietnam’s Mekong Delta
- Launched “Follow the Carbon Plus” for China, Indonesia, Vietnam
- Plan to “bend the curve on nutrition” in Indonesia and Lao PDR
- Malaysia Knowledge and Research hub opened in March 2016

Engagement in the Pacific

In July 2017, the Bank will enter into IDA 18, which will significantly increase country allocations for many of the small pacific island countries. The increased in funds will allow the bank to engage more substantively, particularly to help address unique challenges of remoteness, small size, and climate vulnerability.

On February 28, 2017, the Bank formally approved the Regional Country Partnership Framework for Kiribati, Nauru, the Marshall Islands, Federated States of Micronesia, Palau, Samoa, Tonga, Tuvalu and Vanuatu (PIC-9). The RCPF is the result of close consultation with the national authorities, the private sector, civil society and other stakeholders to identify the most critical constraints and opportunities facing the countries for advancing progress towards the twin goals of reducing absolute poverty and fostering shared prosperity.
Global Practices Update

Sustainable Development (SD) Practice Group Update

SD is the largest practice group in the World Bank. It brings together seven global practices (agriculture; energy and extractives; energy; environment and natural resources; social, urban, rural and resilience; water; transport and ICT) and two cross-cutting solution areas (public-private partnerships and climate change). SD accounted for $25 billion of commitments in FY16.

SD’s overall objective is to help clients manage natural, physical and social capital to deliver green, inclusive and resilient growth for poverty reduction and shared prosperity. The services provided by SD fall into three main categories:

- Helping to meet basic/essential development needs, such as food, water, shelter, energy and transport.
- Helping ensure sustainability to avoid the depletion of resource flows needed for incomes and assets.
- Promoting long-term perspectives in planning investments so they remain fit-for-purpose in the face of changing demographics, climate and technology.

A major focus for SD will be to deliver a strong IDA18. SD is supporting an increase in Bank staffing and resourcing in fragile countries and will be central to efforts to achieve the Sustainable Development Goals. SD is also central to the Bank's commitment to increase climate-related financing to 28% of total commitments by 2020.

Equitable Growth, Finance and Institutions (EFI) Practice Group Update

EFI is a large Practice Group that brings together the economic policy expertise of the Bank. EFI consists of five Global Practices: finance and markets; governance; macroeconomics and fiscal management; poverty; and trade and competitiveness. EFI is the second largest practice group in the Bank by volume of lending, with $13.7 billion of commitments in FY16.

EFI’s overall objective is to promote stable, equitable and efficient markets, institutions and economies. EFI sees itself as a one-stop shop for economic policy makers who wish to achieve sustainable and inclusive growth.

EFI is therefore central to WBG efforts to support the private sector (including through actions to de-risk countries and create new markets) – and the success of the “IFC 3.0” agenda will greatly depend on the extent to which EFI works in a constructive and coordinated fashion with IFC.
Global Practices Update

Over the coming year, the Constituency Office intends to engage further with Management to ensure that EFI is working collaboratively with IFC to achieve the IFC 3.0 agenda, and is also delivering on corporate priorities such as the IDA18 scale-up and the expansion of activity in fragile and conflict-affected states.

Human Development (HD) Practice Group Update


HD’s overall objective is to create opportunities for people to live healthy, productive, empowered lives; and to have access to good jobs; and to be resilient in the face of economic, health, climate or other shocks.

HD drives sustainable and inclusive growth by promoting job creation and labor mobility; by enhancing productivity and employability; by ensuring social sustainability and inclusion. HD builds human capital by ensuring a strong and healthy start for lifelong advantages; by investing in healthy, educated and empowered children. HD deploys and protects human capital by ensuring skilled and productive youth and adults; by supporting health and productivity in adulthood and aging with dignity. HD ensures resilience by increasing coverage of social protection for the poor and building systems that provide social protection for all; by insuring against catastrophic expenditures, extending insurance coverage and strengthening systems’ ability to respond to shocks; by assisting and supporting those impacted by shocks like climate change, natural disasters, health and economic shocks, etc.

Even though HD serves all client segments, HD has contributed a lot more to IDA countries. In FY16, HD made a new commitment of $4.7 billion out of HD total new commitment ($7.5 billion). This accounted for 1/3 of total IDA lending of the WBG. This is not surprising considering the fact that insufficient human capital is more than ever a binding constraint to IDA countries for further development. Larger IDA 18 will create more opportunities for HD going forward.
Shareholding Discussions

Discussions on capital and shareholdings have been a major focus for the Board over the past year.

Context

In October 2015, at the Annual Meetings in Lima, Governors launched a work program to consider capital increases for IBRD and IFC.

The first major milestone in this work program was achieved in October 2016, when Governors agreed on the use of a ‘dynamic formula’ to guide future shareholding realignments. The formula is used to derive a ‘calculated shareholding’ on the basis of each shareholders’ global economic weight and development contributions; the expectation is that, over time, actual shareholdings will be adjusted to converge with this calculated shareholding.

With agreement on the use of the dynamic formula, Governors recommitted to work towards decisions on selective and general capital increases for IBRD and IFC at the 2017 Annual Meetings.

Selective capital increase

The discussions on the selective capital increase are being held in the Board’s Committee on Governance and Executive Director’s Administration Matters (COGAM), which is Chaired by our ED. Our constituency office is therefore playing a central role in discussions on the selective capital increase.

In order to support discussions on a selective capital increase, the first step by Management was to develop a Shareholding Simulation Model. The Model, which has been shared with constituency offices and shareholders, allows for simulations based on different siges of share allocation, using different allocation rules. The model offers the option to adjust basic votes and introduce limits on voting power dilution. Protection of the voting power of the smallest poor countries is built into the results produced by the model.

The discussions so far have considered the gap between post-2010 shareholdings and the calculated shareholdings produced by the dynamic formula. On this basis, 41 countries are ‘under-represented’ and 148 countries are ‘over-represented.’ The differences are not large for many shareholders, but they are more significant for some, and in a few cases – notably China – they are very large. The largest deviations from calculated shareholdings are among the under-represented countries.

The discussions to date have identified the issues that need to be addressed in order to conclude an agreement. Simulations of rules based share allocations have also provided an initial range of options and a basis for discussion on how the various allocation rules interact.
with each other. Executive Directors have agreed to focus the forthcoming discussions on the allocation rules that determine how shares are allocated, smallest poor protection, dilution limits, forbearance, the size of the selective capital increase, and basic votes.

These discussions will be pursued into the summer with a view to final decisions at the Annual Meetings in October.

General capital increase

Management is also preparing the case for a general capital increase. The focus for Management over the past couple of months has been to agree on a single WBG narrative setting out why additional capital is necessary.

Management argues that urgent action is needed to achieve the Sustainable Development Goals, particularly given the recent slowdown in global growth and rising vulnerability to complex, interlinked cross-border shocks. Management believes that the WBG should have a central role in achieving the 2030 development agenda, but that the capital base of IBRD and IFC is insufficient to deliver on the global community’s expectations and aspirations.

The next step is to test the WBG narrative with Governors at the Spring Meetings. Following that, the Board will move into a set of more technical discussions. On the IBRD side, Management will prepare a technical supplement on different combinations of levers to enhance IBRD’s usable equity, as well as further analysis on administrative expenses, loan pricing, IDA transfers, balance sheet optimization and capital increase scenarios. On the IFC side, Management will clarify links between the capital increase and the IFC 3.0’ agenda, as well as provide further information on IFC’s equity strategy, advisory services strategy, and sensitivity to macroeconomic shocks.

The constituency office will engage actively in these discussions and will keep capitals apprised of important developments in the negotiations.
Small States Islands

The World Bank Group’s commitment to small state members has substantially evolved to a much greater degree of engagements in which new initiatives and financing for development of small states are being designed and put to implementation by the Bank. Following the 2016 Small States Forum that took place on the margins of the 2016 Annual Meetings of the World Bank Group and the International Monetary Fund in Washington, DC when President Jim Yong Kim in his address to the 17th Small States Forum assured the Small States Governors of the Bank’s commitment to work with them to innovate and spearhead new initiatives that will address the special development challenges of the small states, the World Bank has set to deliver specific responses to that commitment.

The 17th Small States Forum reiterated the seven (7) development priorities that were agreed in Lima Annual Meetings by the Small States Governors and agreed that they remain key priorities around which the Bank should continually engage the small states. The seven (7) priorities are a) Inclusion of Vulnerability, b) Predictability of Affordable Financing, c) Debt Sustainability, d) Access to Climate Change, e) Capacity Building and Technical Assistance, f) Diversification of Small States Economies, and g) Accessing Financial Markets. The seven development priorities are centered on small states continuing common challenges around achieve equitable growth, building resilience and financing, as well as strengthening multilateral partnerships especially with international development organizations.

In view of the highlighted development priorities, the Bank had earlier commissioned a stocktaking report, “World Bank Group Engagement: Taking Stock,” to take inventory of WBG activities, programs, lending, and trust funds targeted at small states. The Report is not a strategy document but a comprehensive assessment on the WBG’s engagement with the small states that will be used as background reference for strategic discussions on enhancing WBG engagement with small states. It identifies future levers, areas of potential deepening, and some strategic issues of relevance. At around the same time of the release of the assessment report, the Bank’s Independent Evaluation Group (IEG) also concluded an evaluation of the WBG program on small states. The evaluation covered WBG programs in the six Caribbean small states and nine Pacific small states. In looking at how the Bank has fared in terms of its support toward the small states on strengthening resilience and enhancing competitiveness, the evaluation report similarly suggests areas for further analysis and consideration as the Bank seeks to serve the unique needs of the small states.

Going beyond the analytical exercise, the Bank is currently preparing a Roadmap to guide its engagements with the small state members, and a draft strategic document will be presented at the April 2017 Spring Meetings. In consultations with the Small States Secretariat (housed in the Bank’s Operations Policy and Country Services, OPCS), our office has learned that the seven (7) development priorities are being addressed in the draft Roadmap under the general thematic headings of “Managing Delivery” where the Bank looks to better managing of its delivery of support to small states and leveraging external partnerships and “Road Map of Action” area in which macroeconomic stabilization and fiscal resilience support will be designed for small states, sustainable development and climate
resilience support will be provided, and human development and social protection support will be extended. Our office continues to look for opportunities to engage the Small States Secretariat as it works on the Roadmap and provide timely updates to our small state members of our Constituency.

Our Constituency Office is continually engaging a wider range of Bank officials and staff to seek the Bank's focus on the unique challenge faced by a few of our small state constituents who are classified as upper or middle income countries with little or no access to IBRD and IDA. A number of meetings had been held with management and staff across the Bank to seek redress on this unique challenge faced by Palau and Nauru, and our office will continue to address this important issue in consultation with our relevant authorities.

Many of our small state constituents are IDA-eligible, and under the recent IDA18 scale up the Bank has already mobilized to increase its presence in the Pacific. There is already shifting of staff from the Headquarters and the Sydney office to increase the Bank's presence in its Fiji-based office. The shift is expected to increase the Bank's support to the Pacific IDA-eligible member states in assisting with their project implementation. The move represents one of the many expected ranges of support from the Bank as it works towards delivering its response to its Pacific small states under its recently approved Regional Partnership Framework, FY17-FY21. The partnership framework comes at an important period in the Bank's relationship with its Pacific member states when there is a surge in Bank support to the Pacific IDA-countries.

Our office is an active participant in the Bank's Small Island States Resilience Initiative (SISRI) Thematic Group (managed by the Bank's Global Facility for Disaster Reduction and Recovery, GFDRR) and continues to join in all of SISRI's meetings. This month’s SISRI meeting involved discussions towards an upcoming report, Resilient Transport in the SIDS, and our staff participated to ensure our Pacific small states' transport issues are adequately covered in the upcoming analytical work by the Bank. If any of our constituents are interested in GFDRR works on issues relevant to the small states, please visit: https://www.gfdrr.org or https://www.gfdrr.org/publications.
Constituency approved country level programs/projects

for the period covering October 2016 to March 2017

Cambodia— Livelihood Enhancement & Association of Poor (LEAP) Project
The project was approved by the Board on February 24, 2017. It is an IDA Credit project and is in the tune of USD$21.2 million. The development objectives of Livelihood Enhancement and Association of the Poor Project for Cambodia are to improve access of poor and vulnerable households in selected communities to financial services, opportunities for generating income, and small-scale infrastructure, and to provide immediate and effective response in case of an eligible crisis or emergency. This project has four components. 1) The first component, Improving Livelihoods for Rural Poor and Vulnerable Households, aims to address the needs of the poor and vulnerable households in the 47 communes in Siem Reap Province through a demand driven approach. It has the following three subcomponents: (i) Building and Strengthening Institutions of the Rural Poor; (ii) Enhancing Skills and Employment Opportunities for the Rural Poor; and (iii) Improving Basic Services and Community Infrastructure for the Rural Poor. 3) The second component, Improving Livelihoods for Urban Poor and Vulnerable Households, aims to address the needs of the Poverty Identification Process (IDP) and vulnerable households in 13 Sangkats in Phnom Penh Capital through a demand driven approach. It has the following two subcomponents: (i) Enhancing Skills and Employment Opportunities for the Urban Poor; and (ii) Improving Basic Services and Community Infrastructure for the Urban Poor. 3) The third component, Project Management, would support the overall implementation, supervision and coordination of the project at the national, provincial, district or Khan, commune or Sangkats, and village or community levels, including: (a) social and environmental safeguard risk management; (b) procurement planning and contracts management; (c) financial management, disbursement and audit; and (d) monitoring and evaluation (M and E), and communication. 4) The fourth component, Contingent Emergency Response, would allow the reallocation of a portion.

Papua New Guinea – Water Supply and Sanitation Development Project
The project was approved by the Board February 9, 2017. It is an IDA Blend project and its USD original amount is $70 million. The development objective of Water Supply and Sanitation Development Project for Papua New Guinea is to support the development and strengthening of the planning and implementation capacity of water sector institutions, and to increase access to water supply services in selected urban towns and rural districts. There are four components for this project. 1) The first component, Institutional structures for the implementation of the National WaSH Policy, focuses on supporting the development of the key sector institution i.e., the WaSH Project Management Unit (PMU), and key sector tools (strategies, plans and sector instruments) that will form the management framework of the sector as envisaged in the National WaSH Policy. It has the following two subcomponents: (a) Support to the establishment, operationalization and strengthening of the WaSH PMU; and (b) Support to the development and/or implementation of key sector tools. 2) The second component, Rural and Peri-urban Water and Sanitation, will support the WaSH PMU to develop a framework for the coordination, planning and implementation of rural and peri-urban WSS in districts and in peri-urban areas. It has the following two subcomponents: (a) Investment planning, design, and financing structures for rural and peri-urban WSS; and (b) Infrastructure investment in water and sanitation systems in rural and peri-urban areas. 3) The third component, Urban Water and Sanitation, focuses on supporting the expansion of WSS services to urban areas, specifically in district and provincial towns where Water PNG has the mandate to provide these services.
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It has the following two subcomponents: (a) Operational improvement and capacity building of Water PNG; and (b) Infrastructure investment in water and sanitation systems in selected District and or Provincial Towns. 4) The fourth component, Contingent Emergency Response (CER).

**Solomon Islands—Rapid Employment Project for the Solomon Islands**

Rapid Employment Project for the Solomon Islands is a US$1.9 million IDA Grant project approved on November 18, 2016 by the Board. The objective of the Rapid Employment Project for Solomon Islands was to assist targeted vulnerable urban populations in the Recipient’s territory to: (i) increase their incomes through the provision of short term employment; and (ii) improve their knowledge, experience and basic employment skills that are valued in the workplace and society. The Additional Financing (AF), which will be the Second Additional IDA Grant, will be used to support an ongoing, well-performing project. It will support the continuation of project activities for a further 24 months, scale up certain components of the project, and help to improve its overall development effectiveness and the sustainability of project impacts. The AF will help to scale up the project’s components one and two, which will help to improve developmental effectiveness and sustainability. Specifically, the AF will generate additional short-term employment and extend mentoring and referral services for job seekers and vulnerable urban groups, including women and youth; and maintain improved public service provision and access to services and markets through the rehabilitation of tertiary roads. In addition, and in accordance with the existing Project Development Objective (PDO), the AF will provide a small amount of financing to facilitate preparatory activities, including carrying out pilot activities in Guadalcanal, which will help to generate lessons on the provision of urban services and labor-intensive subprojects in a low capacity environment with community participation, and to support preparatory work for such pilot activities in one other high growth urban location outside of Honiara. The information and experience is expected to inform the preparation of a REP Phase II operation, currently under discussion with the Solomon Island Government.

**Tuvalu - 3rd Development Policy Operation (DPO) for the Government of Tuvalu (GoT)**

The project was approved by the Board on December 9, 2016. This project is an IDA Grant and it is in the tune of US$3.3 million. The operation is aimed at supporting the reform agenda of the Government of Tuvalu in the critical areas of: (a) improving social service delivery and (b) building macroeconomic sustainability. Building human capital is a key pillar to the national development strategy and fostering access to economic opportunities and public services has been identified by the Systematic Country Diagnostic (SCD) as an area of priority action for reducing poverty and boosting shared prosperity. The reforms in this area are in turn focused on enhancing inclusiveness and equity of secondary education and supporting improved health sector outcomes and its financing sustainability. The national development strategy and SCD also reiterated that exogenous shocks create poverty traps,
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which are amplified by weaknesses in macroeconomic management. Building resilience to shocks and sustainability is particularly important to Tuvalu, in light of the Global Financial Crisis (GFC) and the recent Tropical Cyclone (TC) Pam, which resulted in losses exceeding 15 percent of gross domestic product (GDP) in the Tuvalu Trust Fund (TTF) and damage and losses exceeding 30 percent of GDP. To mitigate against this, the reforms under the second pillar of the operation are focused on improving macroeconomic sustainability by strengthening investment management of reserve assets, which will be complemented by reforms to improve the effectiveness of payroll controls, and increasing oversight on the banking sector. Financing provided through this proposed operation will not only support the maintenance of buffers and meet long-term financing needs, but more importantly focus on the reform agenda while sustaining the reform momentum built through the previous operations.

Vanuatu - Vanuatu Investment Aviation Project Additional Financing (AF)
Vanuatu Investment Aviation Project Additional Financing (AF) is an IDA Blend project of US$14.1 million. The project was approved by the Board on January 10, 2017 and is comprised of IDA Grant US$4.6 million and IDA Credit US$9.5 million. The development objective of the Aviation Investment Project for Vanuatu is to improve operational safety and oversight of international air transport and associated infrastructure in Vanuatu. The additional financing will be used for additional activities in two components: (i) international airport infrastructure investments to invest in international aviation infrastructure to meet and maintain minimum International Civil Aviation Organization (ICAO) safety and security standards at Vanuatu’s three international airports: Bauerfield, Whitegrass, and Pekoa airports; and (ii) project implementation support finance to the complexity and intensified urgency of the project resulting from recent delays.
Constituency Reports and Bank Publications

The following list of documents and reports were published. Please contact us if you would like us to resend any of these documents:

- Global Economic Prospects: January 2017: Weak Investment in Uncertain Times
- Doing Business 2017: Equal Opportunity for All
- Poverty and Shared Prosperity 2016: Taking on Inequality
- World Development Indicators 2016

Please also check on the following World Bank Group website www.worldbank.org or www.worldbank.org/eds09 for electronic copies of these documents.

If you want further information or an electronic copy of any of the documents discussed in this Newsletter, please contact:

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