



# Annual Report

OCTOBER 2023

---

**EDS09** OFFICE OF THE EXECUTIVE DIRECTOR FOR

Australia, Cambodia, Kiribati, Korea, Marshall Islands, FS Micronesia, Mongolia, Nauru, New Zealand, Palau, PNG, Samoa, Solomon Islands, Tuvalu, Vanuatu





**WORLD BANK GROUP – EAST ASIA / PACIFIC CONSTITUENCY  
OFFICE ANNUAL REPORT 2023**

**CONTENTS**

<b>FOREWORD FROM EXECUTIVE DIRECTOR</b>	<b>1</b>
<b>POLICY ISSUES</b>	<b>2</b>
Evolution	2
FCV Strategy – Mid Term Review	3
Food and nutritional security	4
CCAP Update	4
Gender	5
<b>FINANCE AND GOVERNANCE</b>	<b>5</b>
IDA	5
Capital Increase Subscription	5
<b>CONSTITUENCY ENGAGEMENT</b>	<b>6</b>
Reflection from the Voice Secondment Program	7
<b>PICTURES FROM THE 2023 ANNUAL MEETINGS IN MARRAKECH, MOROCCO</b>	

## FOREWORD FROM EXECUTIVE DIRECTOR



Greetings to you and your families. I hope this report finds you all in good health. The Annual Meetings in Marrakech have just concluded, and it was a great pleasure to meet with many of you there. The meetings were held against the backdrop of continued uncertainty in the global and regional economy, and across this constituency, I know that this backdrop is placing many pressures on you.

In all our discussions, a number of consistent themes emerged. Many of you noted the ongoing macroeconomic and fiscal challenges that you face and your strategies to deal with these. The reform programs underway will in time reap benefits and it is important to stay the course. Many of you noted the importance of World Bank support to underpin these reforms as well as the importance of broader support for your development objectives. Domestic capacity constraints also featured heavily in our discussions and the important role that the World Bank can play in providing hands on assistance and training in country to build skills and expertise.

There was a strong emphasis on the challenges posed by climate change. While impacts are being felt by all countries around the world, the existential threat posed by climate change in our region is visible, real, and immediate, and the adaptation needs are great. There were calls for greater scale, speed and additionality and greater flexibility in accessing adaptation finance. I also heard calls for the vulnerability of small island states to be recognized in determining access to concessional finance. These issues were highlighted in the discussion at the event 'Access & Adapt: Enhancing Climate Finance to Address Adaptation in Small States'. Many thanks to our Governor from Tuvalu, Hon Seve Paeniu, for his powerful and compelling contributions during the panel discussion.



Other issues that you raised with me included: the importance of IDA and the need for an ambitious replenishment; the role of the private sector in supporting development outcomes in the Pacific; support for streamlined World Bank processes and improvements to the timeframes for program delivery and disbursements; the need for greater coordination amongst development partners and the benefits that could be realized from harmonizing processes; the ongoing concerns about correspondent banking in the region; and the importance of a flexible suite of tools in the world Bank's crisis response toolkit. I want to thank you for your candid and insightful comments. We will represent these views to World Bank Management.

The Annual Meetings in Marrakech followed the meeting of the UN General Assembly where there was a strong focus on the Sustainable Development Goals, which are unlikely to be achieved by 2030. The reversal in development outcomes alongside heightened fragility, conflict and violence, the climate crisis and threats to people and the planet, is driving the ambition of the World Bank's Evolution agenda. World Bank President, Ajay Banga, so eloquently outlined the challenges and the urgency of the World Bank's response in his address to the Development Committee Plenary session.

Since my last update to you on the Evolution agenda, we have made significant progress across the three key areas of reform: updating the vision and mission of the Bank to include the concept of a livable planet;

streamlining the operating model to make the Bank more effective; and increasing the financial resources available.

Several initiatives have the potential to deliver considerable benefits to our constituency members. These include improving the Bank's operational efficiency and effectiveness, implementing the crisis response toolkit, and considering how the concept of vulnerability could help guide access to concessional funds.

Despite the good progress, further work is needed to agree additional reforms to the Bank's operating and financial models. Moreover, the implementation task ahead is substantial. I will continue to update you on how this work is tracking.

Alongside the Evolution agenda, the Board has approved record levels of lending. The Bank has also assessed the progress it has made in some important policy and operational areas, including: the mid-term review of the Strategy for Fragility, Conflict and Violence; an update on Food and Nutritional Security; and an update on the third year of implementation of the Climate Change Action Plan 2020-2025. In addition, substantial work is continuing on IDA, particularly in light of the mid-term review coming up later in the year.

This report provides updates across all these issues.

For the office here in DC, we had the great pleasure of supporting Ms Sokha Chhun from the Ministry of Economy and Finance in Cambodia who joined the 18<sup>th</sup> cohort of the Voice Secondment Program (VSP). We look forward to welcoming participants from Kiribati, the Republic of Marshall Islands, the Federated States of Micronesia and Mongolia early in the new year when they join the 19<sup>th</sup> VSP cohort.

Our office has also seen quite a few changes in staffing. Since our last report to you, we have said farewell to Sakuntala Akmeemana from Australia, Chance Douglas from Palau, and Luyna Ung from Cambodia. In their place, we have welcomed Trevor Trief from Vanuatu, Eugene Amor from Federated States of Micronesia, and Katrina Harrigan from Australia.

Over the past twelve months I have been very grateful to have had the opportunity to meet with some of you in your own country, as has my team. This has provided a deep appreciation of the challenges you face and the role of the Bank in addressing these. Over the next twelve months, we will endeavor to visit as many of you as possible. I am looking forward to meeting the Samoa authorities in late January 2024 as part of a small group of Executive Directors who will visit select countries in the East Asia Pacific region.

As always, my team will continue to advocate for the interest of our constituency members during Executive Board deliberations. Please do not hesitate to reach out to me, the relevant advisor in the office, or your local country representative if you would like further information or if you would like to discuss World Bank activities in your country and/or the region.

Il Young Park

## POLICY ISSUES

### EVOLUTION

The objectives for the Evolution are to: (i) increase impact, speed, and scale of the Bank's country programs; (ii) better tackle global challenges; and (iii) better prevent, prepare for, and respond to crises.

Along with adding the concept of ‘a livable planet’ to the Bank’s vision and mission, the Board agreed to an increased focus on the critical challenges of climate change mitigation and adaptation, pandemic prevention and preparedness, fragility and conflict, energy access, food and nutrition security, water security and access, digitization, and protecting biodiversity and nature. While this is a broad suite of challenges, the focus will be on supporting countries to act where they may not otherwise have the incentive to do so – that is, where there are global or regional benefits. The Bank will deliver these through a set of Global Challenge Programs.

The Bank is committed to improve its operational efficiency and effectiveness. Reform options are focused on how to improve speed of project preparation and delivery, strengthen implementation and replicability, and deliver impact at scale. We believe this could deliver significant practical benefits for members of the constituency.

Initial proposals to improve speed include streamlining processes and financing approvals, expediting cancellation and recommitments within existing portfolios, and simplifying documentation requirements.

Measures to improve implementation include enhancing the support provided to countries to implement programs and undertake procurement. Focus will also be given to replicating implementation models that have worked well in other countries.

To improve impact at scale, the Bank is looking to increase the scope and efficiency of the Multiphase Programmatic Approach which allows countries to structure a long, large, or complex engagement as a set of smaller linked operations under one program.

Of particular interest to our constituency is the strengthening of the Bank’s Crisis Response Toolkit. This includes a Rapid Response Option for countries to quickly reallocate undisbursed project funds for emergency response, increasing access to contingent finance, launching a climate-resilient debt clause, designing a parametric insurance backstop, and supporting private sector clients’ crises preparation and response.

Other initiatives include strengthening the country engagement model, including core diagnostic and knowledge products, which will encompass mandating Country Climate and Development Reports, a Country Private Sector Diagnostic, and a Public Finance Review (an expansion from the existing Public Expenditure Reviews).

Workstreams on enabling and mobilizing private capital and supporting countries to strengthen domestic resource mobilization will also be critical in leveraging finance for sustainable development.

The Evolution work will continue over the next twelve months, and we will continue to keep you informed and advocate for your interests as we work to build a bigger and better World Bank.

## **FCV STRATEGY – MID TERM REVIEW**

The World Bank’s Fragility, Conflict and Violence (FCV) Strategy 2020-25 was launched in February 2020 to better address the drivers and impacts of FCV. The Strategy calls for a long-term outlook and sustained country engagement that can withstand setbacks and reversals. The Executive Board recently considered a mid-term review (MTR) of the Strategy. The MTR found that the Strategy remains fit for purpose and still provides a solid foundation for the Bank to engage in even the most fragile and conflict affected situations. Despite this, the Bank is alert to where improvements can be made, including the need to be

responsive early in a crisis and adaptable to shocks, the need to remain engaged and the need for the Bank to hone its ability to anticipate FCV challenges earlier.

For our constituency, we represent six members which are fragile and conflict-affected states due to their high levels of institutional and social fragility. For these members we have pressed for the FCV strategy to have regard to the needs of these small countries and, while important, not to focus only on conflict-affected countries.

## FOOD AND NUTRITIONAL SECURITY

Climate disasters and conflict are driving increased food and nutritional insecurity. This affects up to 783 million people, of which one in three face acute food insecurity. In recent years, the Bank has mobilized significant resources to help address these crises, but fundamental challenges remain. Bank management assess that these challenges will increase unless there is a shift to fundamentally transform the global food system which does not provide adequate nutrition and is detrimental to climate change and biodiversity.

During Board discussions we have highlighted the impact on SIDS who rely heavily on imported food, and are vulnerable to the impacts of inflation, commodity price fluctuations and supply chain disruptions. This limits the availability of good nutritious food at a reasonable price, increasing the incidence of non-communicable diseases, reducing productivity, and stretching health services. We continue to press for the specific challenges small states face around food and nutrition to be considered in the Bank's strategy.

## CLIMATE CHANGE ACTION PLAN – UPDATE

The Climate Change Action Plan (CCAP), launched in 2021, sets out the Bank's targets for climate change mitigation and adaptation, and its commitment to ensure all financing is consistent with the goals of the Paris Agreement.

We support the commitment to ensure at least 50% of IBRD/IDA climate finance is for adaptation. The private sector arms of the Bank, IFC and MIGA, deliver much lower levels of adaptation finance, but this does not fully capture their efforts to increase the climate resilience assets and systems they finance. The Bank will explore new metrics to better reflect the value of investment in adaptation in IFC and MIGA projects.

The Bank is mainstreaming climate into the way it works, using Country Climate and Development Reports (CCDRs) to inform country strategies. CCDRs support the greening of *whole economies* rather than individual projects. We welcome CCDRs as a core diagnostic tool to help countries identify their reform priorities, provide a platform for coordination with development partners, and help clients access climate finance. We are pleased to see the publication of Cambodia's CCDR and look forward to the joint CCDR for the three atoll countries in our constituency, Kiribati, Marshall Islands, and Tuvalu.

Increasingly climate related policy reforms are being incorporated into development policy operations (DPOs or budget support) which could be very beneficial across our client countries. Many SIDS have been leading the uptake of catastrophe deferred drawdown (CAT-DDO) alongside DPOs, which we encourage given the increasing incidence of natural disasters.

## GENDER

The Bank is currently consulting on a new draft gender strategy bringing a welcome lift in ambition ([World Bank Gender Strategy 2024 – 2030: Accelerate Gender Equality for a Sustainable, Resilient and Inclusive Future](#)). Consultations close at the end of November.

Gender is one of the Bank’s few thematic strategies and that it was decided a new, not updated, strategy was needed. The strategy drafting process started with a retrospective to incorporate lessons from the last decade. The draft strategy sets out three strategic objectives: end gender-based violence and elevate human capital; expand and enable economic opportunities; and engage women as leaders. It identifies innovating, financing, and acting collectively as drivers of change toward gender equality.

It is expected that the Board will consider the new strategy in late 2023 or early 2024, including an implementation plan and results and outcomes framework, and detail on the resources needed to implement the strategy.

## FINANCE AND GOVERNANCE

### IDA

In July 2023, Governors approved the launch of the IDA Crisis Facility to boost already heavily utilized IDA20 resourcing in the face of multiple overlapping crises. Only a year into the IDA20 cycle, the Crisis Response Window (CRW) has already allocated over 70 percent of resources, including to the countries of the Pacific and Southeast Asia. Ukraine has been granted exceptional access to IDA’s balance sheet (on IBRD terms) as IBRD cannot take on further exposure to Ukraine.

The IDA Crisis Facility includes two dedicated programs: the Crisis Response Window Plus (CRW+) to replenish the CRW and the Special Program for Ukraine and Moldova Recovery (SPUR). The target for total financing is US\$12 billion, which requires donor commitments of US\$4 billion for CRW+ and US\$2 billion for SPUR. The pledging window is open until the end of the 2023 calendar year. To date, around US\$1.3 billion in pledges have been made.

IDA Day on October 15 in Marrakech provided an opportunity for IDA Deputies to reflect on the impact of the Evolution agenda on IDA. The IDA Mid-Term Review will be held in Zanzibar on December 6-8. It will consider a range of policy papers and kick off discussions on the IDA21 replenishment.

Tuvalu has taken on the role of the East Asia and Pacific IDA Borrower Representative.

## CAPITAL INCREASE SUBSCRIPTIONS

In April 2018, World Bank shareholders, including almost all countries in our constituency, voted in support of the 2018 Capital Package. This is an ambitious package that includes a \$13 billion paid-in capital increase, a series of internal reforms, and a set of policy measures that greatly strengthen the institution’s ability to scale up resources to tackle rising global challenges such as poverty, climate change, biodiversity, food, and water security.



The commitment in the package to serve all clients was particularly beneficial to the small states in this constituency. It included the doubling of access to IBRD, exemptions from IBRD price increases, and an expansion of IFC's blended finance tools to engage in fragile and conflict-affected situations and small states. The IDA18 package saw a ten-fold increase in IDA's minimum annual base allocation from SDR 1.5 million in IDA15 to SDR 15 million and it resulted in a threefold increase in World Bank financing to the Pacific.

For your information, I have set out document and payment deadlines for the IBRD and IFC.

- For IBRD, the General Capital Increase (GCI) and Selective Capital Increase (SCI) subscription documents and payments must be received by October 1, 2025
- The documentation deadline for the IFC GCI has been extended to April 16, 2024, the payment deadline is April 16, 2025.
- For the IFC SCI, Governors have approved an extension of the deadline for documentation and payment to April 16, 2025.

Please contact the office if you need more information about your country's subscription status.

## CONSTITUENCY ENGAGEMENT



In May 2023, we started the first round of constituency travel since the COVID pandemic. ED II Young Park travelled to Cambodia and Mongolia (accompanied by Advisor Luyna Ung and Senior Advisor Sarah Short respectively), while AED Kerstin Wijeyewardene travelled to Palau and the Republic of the Marshall Islands (accompanied by Advisor Katrina Harrigan).

The visits were a valuable opportunity to meet with Ministers, officials and implementing partners, and to see project delivery in action. It gave us a better appreciation of the challenges you face as well as the opportunities to support you and your needs.

Thanks to our constituency members for providing excellent support for these visits. We look forward to visiting more of you in the period ahead.





## REFLECTIONS FROM THE VOICE SECONDMENT PROGRAM



As part of the VSP, Ms Sokha Chhun from the Ministry of Economy and Finance in Cambodia was selected to join the 18<sup>th</sup> Cohort of secondees earlier this year. The VSP is a 6-month program that provides an opportunity to enhance the capabilities and expertise of officials in Bank member countries and enable them to develop a deeper understanding of the World Bank's operations and services. I encourage all constituency members to consider nominating staff to participate in this program in the future. These are Ms Chhun's reflections on the program:

*During my six-month term at the Bank, I have improved both hard and soft skills such as communication and networking.*

*During my stay, I joined several courses in the Open Learning Campus which was very helpful. There are many courses on the Bank's products or specific operations with virtual slide presentations and reference documents for further learning.*

*In my home country, I was always occupied with daily tasks, meetings, or other urgent tasks that need attention, but when I was in Washington D.C., I could focus on building my capacity and support from the experts at the Bank. I was assigned to the Office of the Executive Director (EDS09) and the Women Entrepreneurs Finance Initiative (We-Fi) secretariat to learn about the workflow and overall concept of the operational teams and their relations with their clients.*

*I noticed that a regular team meeting is the most common culture for both units. The purpose of this meeting is to update everyone what they have been doing and what they plan to do during the week or the upcoming week, and everyone is welcome for any comments or further inputs. This culture makes me feel like I am part of the whole team because I can learn from the experts while sharing my thoughts and this can benefit everyone.*

*Also, I made a lot of new friends from different countries since all secondees from the program live in the same hotel. I was so surprised to learn that Ministries of Finance from other countries function almost the same as the Ministry of Economy and Finance in Cambodia. I enjoyed sharing my experience working at my ministry with my colleagues and at the same time learning about the differences too. Overall, the arrangement of the secondment was a great opportunity for the government's officials to get hands-on experience of the Bank's products while working with the experts from different cultures and experiences.*

PICTURES FROM THE 2023 ANNUAL MEETINGS IN MARRAKECH, MOROCCO



